



2Q19

**Quarterly financial
report**

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Basis of presentation

The consolidated income statement and balance sheet as at the end of June 2019 and 2018, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated annual accounts as at 30 June 2019. Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative financial measures used in this document. See Glossary of terms on performance measures.

1. Key figures

	Excl. TSB			Total group ⁽⁵⁾			
	30.06.18	30.06.19	Change (%)	30.06.18	30.06.19	Change (%)	
Profit and loss account (€million)							
Net interest income	1,324	1,320	-0.3	1,810	1,806	-0.2	
Core revenues	1,925	1,969	2.3	2,447	2,512	2.7	
Gross operating income	2,127	1,932	-9.2	2,631	2,494	-5.2	
Pre-provisions income	1,076	889	-17.4	975	927	-5.0	
Attributable net profit	318	530	66.7	121	532	340.9	
Balance sheet (€million)							
Total assets	168,776	178,204	5.6	215,935	224,852	4.1	
Performing gross loans	105,465	107,853	2.3	140,667	141,703	0.7	
Gross loans to customers	12,702	13,706	0.9	148,382	148,087	-0.2	
On-balance sheet funds	121,908	128,697	5.6	158,162	164,867	4.2	
Of which: Customer funds	102,323	108,620	6.2	135,695	141,862	4.5	
Off-balance sheet customer funds	46,901	43,720	-6.8	46,901	43,720	-6.8	
Funds under management	168,809	172,416	2.1	205,063	208,587	1.7	
Net equity	--	--	--	12,070	12,715	5.3	
Shareholders' equity	--	--	--	12,476	13,021	4.4	
Profitability and efficiency ratios (%)							
ROA	--	--	--	0.09	0.40	--	
RORWA	--	--	--	0.23	1.05	--	
ROE	(1)	--	--	1.45	6.85	--	
ROTE	--	--	--	1.77	8.49	--	
Efficiency	43.80	46.77	--	57.11	54.72	--	
Risk management							
Non-performing exposures (€million)	(2)	6,997	5,921	-15.4	7,386	6,380	-13.6
Total problematic assets (€million)	(2)	14,168	7,795	-45.0	14,557	8,253	-43.3
NPL ratio (%)	(2)	5.77	4.81	--	4.71	4.05	--
NPL coverage ratio (%)	(2)	57.2	52.4	--	57.0	51.7	--
Problematic assets coverage (%)	(2)	56.4	50.4	--	56.3	50.1	--
Liquidity management							
Loan-to-deposits ratio (%)		103.3	100.1		103.7	100.5	
Capital management							
Risk weighted assets (RWA) (€million)	--	--	--	80,455	83,124	3.3	
Common Equity Tier 1 phase-in (%)	--	--	--	11.9	11.9	--	
Common Equity Tier 1 fully-loaded (%)	--	--	--	11.0	11.2	--	
Tier 1 phase-in (%)	--	--	--	13.4	13.3	--	
Total capital ratio phase-in (%)	--	--	--	15.0	15.1	--	
Leverage ratio phase-in (%)	--	--	--	5.06	4.95	--	
Share data (period end)							
Number of shareholders	--	--	--	234,009	237,675	--	
Average number of shares (million)	--	--	--	5,574	5,537	--	
Share price (€)	(3)	--	--	1,436	0,911	--	
Market capitalisation (€million)	--	--	--	8,002	5,044	--	
Earnings per share (EPS) (€)	(4)	--	--	0.02	0.15	--	
Book value per share (€)	--	--	--	2.23	2.35	--	
TBV per share (€)	--	--	--	1.82	1.90	--	
Price / Book value (times)	--	--	--	0.64	0.39	--	
Price / Earnings ratio (P/E) (times)	--	--	--	59.96	6.13	--	
Other data							
Branches	1,920	1,906	--	2,471	2,454	--	
Employees	17,778	17,212	--	25,915	25,372	--	

(1) ROE adjusted by the Additional Tier 1 coupons, after tax, stood at 6.45%.

(2) In 4Q18 portfolios sold to institutional investors (not yet closed) were reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. On July 19, the sale of one of these portfolios was completed for a gross value of 2,124 million euros. From 4Q18 onwards, data are expressed assuming 100% APS.

(3) Without adjusting historical values.

(4) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity.

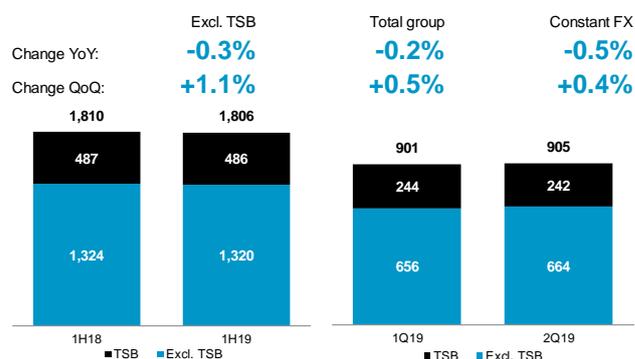
(5) The EURGBP exchange rate used for the income statement as at 30.06.2019 is 0.8759. The exchange rate used for the balance sheet is 0.8966.

2. Summary

Net interest income

Net interest income fell slightly by -0.2% in the year, mainly impacted by the application of IFRS16 and lower long-term interest rates.

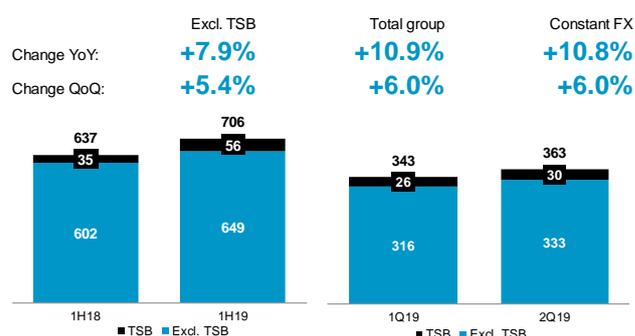
In the quarter, net interest income grew by 0.5%, mainly driven by larger volumes and seasonality.



Net fees and commissions

Net fees and commissions have performed well year-on-year, recording a 10.9% growth, driven by service fees.

In the quarter, net fees and commissions increased by 6.0%, supported by the good performance across all segments.

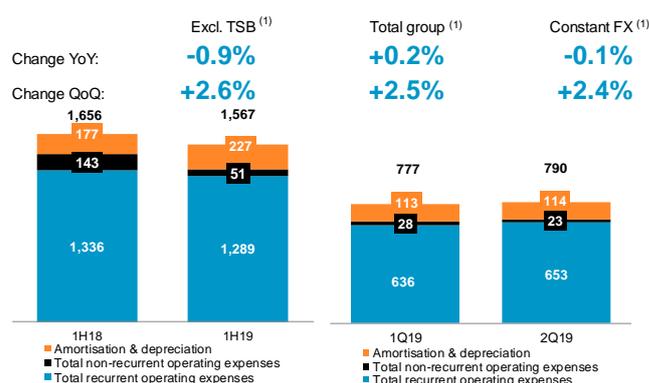


Total costs

Total costs amounted to -1,567 million euros as at the end of June 2019, representing a year-on-year decline of -5.4%, mainly due to the one-off costs associated with TSB's migration and post-migration in the previous year. Recurrent expenses and amortisations increased slightly by 0.2% year-on-year.

In the quarter, recurrent expenses and amortisations increased by 2.5%, mainly due to seasonality of the previous quarter and higher costs in Mexico.

The efficiency ratio stood at 54.7% as at the end of June 2019.



Net profit of the Group

The Group's net profit amounted to 532 million euros as at the end of June 2019 and included the capital gain on the disposal of Solvia of 135 million euros and the impairment of the SAREB subordinated debt of -47 million euros, placing ROE at 6.85%.

The Group's core banking revenue continued to grow, increasing by 2.7% year-on-year and by 2.0% in the quarter.

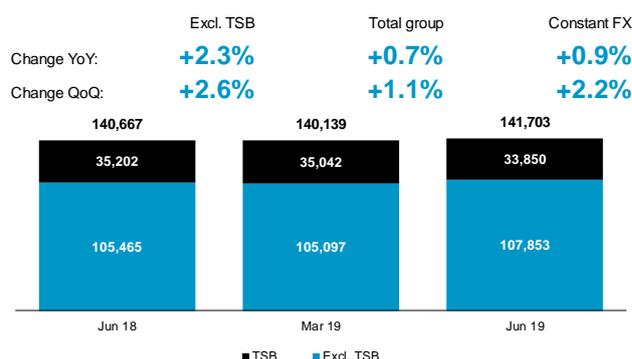


(1) Variance of total recurrent expenses and amortisations.

Performing loans

Positive trend of performing loans, which increased by 0.7% year-on-year. Quarter-on-quarter increased of 1.1%, due to positive loan growth momentum across geographies.

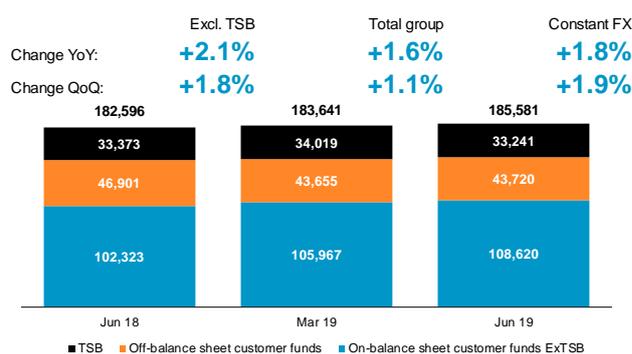
Excluding the APS impact, performing loans grew by 2.0% year-on-year, driven by the good performance of Spain and Mexico. Considering a constant exchange rate, increase of 2.2% year-on-year and 2.3% quarter-on-quarter.



Customer funds

On-balance sheet customer funds increased by 4.5% year-on-year and 1.3% quarter-on-quarter driven by sight accounts.

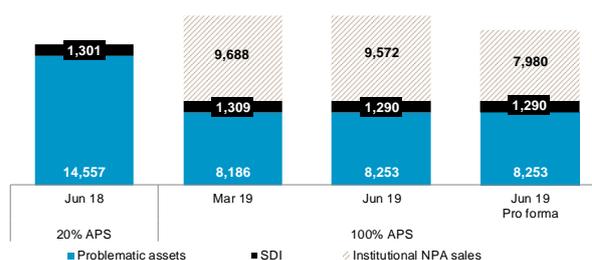
Off-balance sheet funds declined year-on-year and recorded a slight growth quarter-on-quarter due to the improvement in mutual funds and pensions funds.



Problematic assets (*)

The Group's problematic assets declined, showing a reduction in the year of -26 million euros, representing a decrease of -174 million euros in non-performing loans and an increase of 148 million euros in foreclosed assets.

In the quarter, problematic assets increased by 67 million euros, representing a decrease of -3 million euros in non-performing loans and an increase of 70 million euros in foreclosed assets.



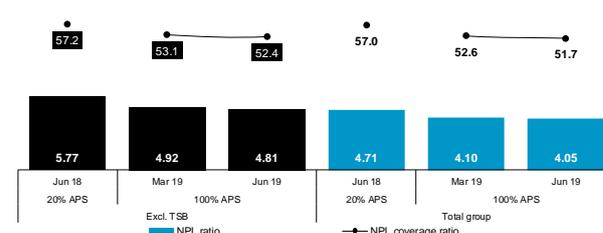
NPL ratio and coverage (*)

Reduction of the Group's NPL ratio, falling to 4.05%.

The coverage ratio of problematic assets stood at 50.1%.

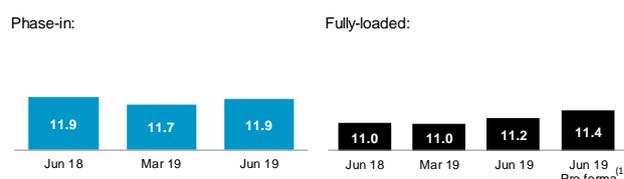
The Group's cost of risk improved, standing at 48 bps at the end of June 2019, compared to 51 bps at the end of the previous quarter.

The net NPAs to total assets ratio stood at 1.8%.



Capital ratio

Improvement of CET1 ratio by 20 bps, which stood at 11.9% phase-in and at 11.2% fully-loaded as at the end of the second quarter of 2019. The pro forma⁽¹⁾ CET1 ratio was 11.4% fully-loaded.



(*) Figures expressed as 100% APS. In 4Q18 portfolios sold to institutional investors (not yet closed) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. On July 19, the sale of one of these portfolios was completed for a gross value of 2,124 million euros.

(1) Includes +18bps in RWAs released from NPA sales, +8bps in capital gains on the sale of Solvia (accrued in the quarter as a dividend to be reverted at the end of the year).

3. Performance review

Macroeconomic environment

Global economic, political and financial environment

The trade war and tech tensions between the United States and China have characterised a good part of this quarter. Trade negotiations between both parties broke down and the US raised its tariffs on 200 billion dollars worth of Chinese imports from 10% to 25%. This prompted China to retaliate in the same way, by raising tariffs. The US also blacklisted Huawei, implementing major restrictions on exports of US products to the Chinese company. This situation fuelled fears of an economic recession. Recently, both countries have come to a truce in the trade war, thus preventing new tariffs from being imposed. The Huawei restrictions have been eased, but uncertainty remains high. In relation to activity, the GDP growth rate in the US and the euro area in 1Q19 picked up with respect to 4Q18. Activity in the United States rebounded by 0.8% quarter-on-quarter (4Q18: 0.5%), driven by dynamic inventories and the fall in imports. In all cases, investment and consumption slowed. In the euro area, GDP growth was 0.4% quarter-on-quarter (1Q18: 0.2%). Economic confidence indicators in June in the US, however, fell sharply in light of the upsurge in trade tensions. In the euro area, they remained at low levels, pointing towards slower growth in 2Q19. In terms of political events, following the European Parliament elections, for the first time ever at least three parties will be needed to achieve a pro-European parliamentary majority. Furthermore, due, in part, to the higher levels of participation in these elections, Eurosceptic parties obtained a worse result than voting intention surveys had suggested, with the exception of the United Kingdom, where the Brexit Party received significantly more votes than any other party.

Economic situation in Spain

The economy has continued to grow robustly. In fact, GDP accelerated in 1Q19 to 0.7% quarter-on-quarter, a rate higher than those registered in 2018. The Bank of Spain estimates that GDP has increased by 0.6% quarter-on-quarter in 2Q19. In relation to the labour market, the unemployment rate rebounded two tenths to 14.7% of the active population in 1Q19 due to seasonal factors. Meanwhile, the number of Social Security affiliates was at record highs in June, although there was a slower rate in the reduction of unemployment. In relation to the foreign sector, the current account balance is experiencing a worse performance compared to last year, due to global trade tensions, less momentum of trading partners and a slowdown in international tourism, among other factors. In relation to the real estate sector, housing prices rose in 1Q19, with an increase of 6.8% year-on-year (4Q18: 6.6%), led by new properties. The granting of mortgage loans still shows high momentum, at the same time that there is a trend towards moderation in sales growth. In terms of political events, snap elections were held in Spain, which resulted in a victory for the PSOE party, which attained the majority of votes and seats, although it failed to achieve an absolute majority.

Economic situation in the UK

Activity continued to slow down slightly, affected by the uncertainty surrounding Brexit, although less than what leading indicators had pointed towards. Activity will be hampered following the inventory build-up of 1Q19 in preparation for a no-deal Brexit scenario. This situation may still cause some distortion in activity data during the coming months. Labour market performance continues to be favourable. The unemployment rate has continued to fall to 3.8% (record lows since 1974) and actual wage growth rates rebounded to last decade highs. Leading indicators point towards a relatively strong job creation rate and a deterioration in productivity. Inflation was in line with the BoE target (2.0% year-on-year) in May, while property price growth still shows some stability around moderate rates.

Economic situation in Latin America

In Mexico, the latest data relating to economic activity have continued to be poor. Specifically, in 1Q19 GDP fell by 0.2% quarter-on-quarter, influenced by the secondary and tertiary sectors' contraction. In this environment, the central bank reduced its growth forecast for 2019 to 0.8%-1.8% (previously: 1.1%-2.1%). As regards domestic politics, the energy sector continues attract attention and be a source of uncertainty about the country's economic administration. The Government announced additional financial aid for the state oil company (Pemex), which was once again deemed insufficient. On the other hand, the country's leading state-owned electricity company (CFE) initiated an arbitration process in several international courts to modify or eliminate clauses in agreements with gas pipeline construction companies. Trump's mercantilist policy has also impacted the country's economic uncertainty. The US president threatened to impose tariffs on all Mexican imports. These tariffs were not implemented in the end, as both countries reached an agreement on immigration. In this environment, the credit rating agency Fitch downgraded the sovereign debt rating by one notch due to Pemex's credit impairment, changes to energy policies and political uncertainty. Shortly thereafter, Fitch also downgraded Pemex's credit rating. In Brazil, activity data also continues to show poor performance. Specifically, in 1Q19 GDP contracted 0.2% quarter-on-quarter, which is the country's first setback since the 2016 recession. While consumption had a positive performance, exports and investments were hindered by uncertainty about the country's governability and a major accident at a Brazilian mining company –the second largest in the world. In terms of domestic policy, significant progress has been made in the approval of the Government's proposal on pension reform, fundamental to the country's future sustainability. Meanwhile, in Argentina, there are still fears that the former president Cristina Kirchner, known for her interventionist profile, will win the October presidential elections. While it is true that Mauricio Macri's decision to run in coalition with a moderate Peronist (like C. Kirchner) has somewhat diminished these fears, polls still anticipate a very tight race for the presidency.

Fixed-income markets

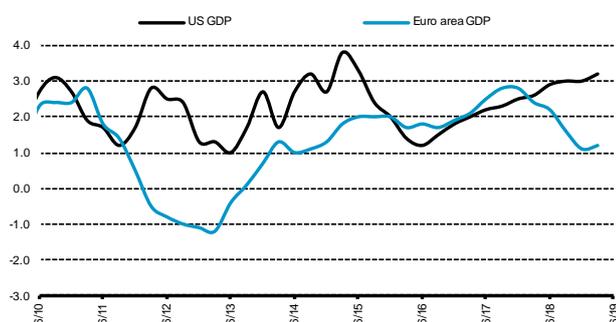
Central banks in the main developed economies have shown a clearly accommodating tone. Mario Draghi, President of the ECB, left the door open to implementing more monetary stimulus measures through any one of these tools: interest rate cuts, reactivation of the asset purchase programme and/or amendment of the forward guidance. The ECB also announced that TLTRO III will be 10bp more expensive than the previous operations. The central bank also changed its forward guidance, delaying its first interest rate hike until, at least, the first half of 2020. The Fed, meanwhile, left the door open to cutting the official interest rate to support activity in the US. Donald Trump has also openly put pressure on the central bank to implement a more lax monetary policy. Lastly, the BoE showed signs of caution, acknowledging increasing risks in light of the resurgence in trade tensions and the increased likelihood of a no deal Brexit. Even so, the BoE maintains its view that gradual increases will be necessary and with a limited scope in its forecasting horizon. Yields on long-term government bonds in the US, Germany and the UK have declined significantly in the second quarter of the year. In the case of German bonds, yields plunged to record lows, while in the US they fell to minimum levels not seen since the end of 2016. This decline was influenced by the accommodating tone of central banks, fears of a global recession as a result of heightened trade and geopolitical tensions and lower expectations of market inflation. In the

case of the United Kingdom, yields also fell to its lowest levels since 2016, influenced by uncertainty surrounding the possibility of a no deal Brexit and by the global environment. In relation to the European periphery, country risk premiums in Spain and Portugal fell, supported by the dovish tone of central banks. The Italian risk premium was negatively impacted by the weakness of the domestic economy and the possibility of a new clash emerging with European institutions.

Equity markets

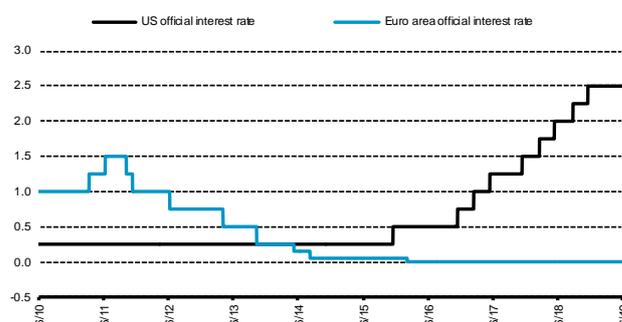
The main equity indexes experienced end-quarter earnings, influenced by the trade truce agreed by the United States and China. The German equity index DAX has led the earnings during the quarter, with an increase of +7.6% in euros. Other European indexes also performed well, particularly the Euro STOXX 50, which was up 3.6%, and the French CAC, which soared by 3.5%. On the other hand, peripheral indexes have decreased slightly –the IBEX 35 was down -0.5% in the quarter and the Italian MIB lost -0.2%. Meanwhile, the US S&P 500 index has rebounded +3.8% in dollars and +2.5% in euros in light of the euro's appreciation against the dollar in the quarter. Finally, the Japanese Nikkei index once again recorded the lowest increase this quarter, rising from +0.3% in yens to +1.8% in euros due to the yens' appreciation against the euro.

GDP – USA vs. Euro area (year-on-year change, %)



Source: Bloomberg

Official interest rate – USA vs. Euro area (%)



Exchange rates: Parity vs. euro

Fx	30.06.18	30.09.18	31.12.18	31.03.19	30.06.19
USD	1.1658	1.1576	1.1450	1.1235	1.1380
GBP	0.8861	0.8873	0.8945	0.8583	0.8966
MXN	22.8817	21.7800	22.4921	21.6910	21.8201

Source: Bank of Spain

Income statement

Highlights:

The Group's net profit amounted to 532 million euros as at the end of June 2019.

The Group's core banking revenue continued to grow, increasing by 2.7% year-on-year and by 2.0% in the quarter.

In the quarter, it is worth noting the impairment of the SAREB subordinated debt of -47 million euros, the contribution to the Single Resolution Fund (SRF) of -59 million euros and the capital gain on the disposal of 80% of Solvia Servicios Inmobiliarios of 135 million euros.

It is also worth noting the impact of the implementation of IFRS16 on net interest income, general expenses and amortisations since 1 January 2019, which is neutral in net profit.

Profit and loss account

(€ million)	Excl. TSB			Total group			
	1H18	1H19	Change (%) YoY	1H18	⁽¹⁾ 1H19	Change (%) YoY	Change (%) at constant FX
Net interest income	1,324	1,320	-0.3	1,810	1,806	-0.2	-0.5
Net fees and commissions	602	649	7.9	637	706	10.9	10.8
Core revenues	1,925	1,969	2.3	2,447	2,512	2.7	2.4
Results from financial transactions and foreign exchange	220	24	-88.9	246	45	-81.7	-81.7
Income from equity method and dividends	37	36	-1.3	37	36	-1.3	-1.3
Other operating income/expense	-55	-98	77.7	-98	-99	1.0	0.8
Gross operating income	2,127	1,932	-9.2	2,631	2,494	-5.2	-5.4
Operating expenses	-914	-882	-3.4	-1,479	-1,340	-9.4	-9.7
Personnel expenses	-588	-604	2.7	-799	-810	1.4	1.2
Other general expenses	-326	-279	-14.4	-681	-530	-22.1	-22.5
<i>Promemoria:</i>							
Recurrent expenses	-906	-873	-3.7	-1,336	-1,289	-3.5	-3.8
Non-recurrent expenses	-8	-10	28.1	-143	-51	-64.4	-64.5
Amortisation & depreciation	-137	-161	17.2	-177	-227	28.5	28.3
Pre-provisions income	1,076	889	-17.4	975	927	-5.0	-5.0
Provisions for NPLs	-372	-275	-26.1	-420	-302	-28.0	-28.3
Provisions for other financial assets	1	-8	--	-91	-14	-84.3	-84.3
Other impairments	-295	-58	-80.4	-295	-58	-80.4	-80.4
Gains on sale of assets and other results	3	141	--	4	139	--	--
Profit before tax	412	689	67.0	173	692	300.3	301.6
Income tax	-91	-153	68.2	-49	-154	217.7	220.1
Minority interest	4	6	67.2	4	6	67.2	67.2
Attributable net profit	318	530	66.7	121	532	340.9	341.5

(1) The EURGBP exchange rate used for the income statement is 0.8759.

Quarterly profit and loss account

(€ million)	Excl. TSB					Change (%) 1Q19	Total group					Change (%) 1Q19	Change (%) at constant FX
	2Q18	3Q18	4Q18	1Q19	2Q19		2Q18	3Q18	4Q18	1Q19	2Q19		
Net interest income	665	672	680	656	664	1.1	899	933	932	901	905	0.5	0.4
Net fees and commissions	310	316	332	316	333	5.4	322	341	357	343	363	6.0	6.0
Core revenues	975	988	1,012	972	997	2.5	1,221	1,274	1,290	1,243	1,269	2.0	1.9
Results from financial transactions and foreign exchange	1	-8	-5	51	-27	--	20	-13	-7	67	-23	--	--
Income from equity method and dividends	24	6	13	12	24	94.3	24	6	13	12	24	94.3	94.1
Other operating income/expense	-48	-16	-159	-11	-87	--	-89	-24	-168	1	-100	--	--
Gross operating income	952	980	861	1,025	907	-11.5	1,176	1,252	1,127	1,324	1,169	-11.7	-11.8
Operating expenses	-458	-458	-489	-434	-449	3.4	-726	-719	-722	-664	-676	1.7	1.6
Personnel expenses	-294	-298	-322	-292	-312	6.7	-409	-404	-388	-391	-419	7.2	7.1
Other general expenses	-163	-160	-167	-142	-137	-3.3	-317	-316	-333	-273	-256	-6.2	-6.4
<i>Promemoria:</i>													
Recurrent expenses	-453	-454	-460	-430	-442	2.8	-660	-650	-688	-636	-653	2.7	2.5
Non-recurrent expenses	-4	-4	-29	-3	-6	80.2	-66	-70	-33	-28	-23	-20.4	-20.4
Amortisation & depreciation	-68	-68	-59	-80	-81	1.6	-90	-91	-85	-113	-114	1.5	1.4
Pre-provisions income	427	453	313	511	377	-26.2	360	441	320	547	380	-30.7	-30.7
Provisions for NPLs	-199	-196	-110	-139	-136	-2.6	-223	-203	-128	-167	-145	-7.7	-7.7
Provisions for other financial assets	3	-1	-18	-2	-6	303.0	-89	-7	-68	-5	-9	74.4	74.4
Other impairments	-249	-64	-44	-28	-30	8.5	-249	-64	-44	-28	-30	8.5	8.5
Gains on sale of assets and other results	4	-1	-1	1	140	--	5	-1	-1	1	139	--	--
Profit before tax	-14	202	140	343	345	0.5	-197	166	80	358	334	-6.7	-6.7
Income tax	31	-50	-38	-91	-61	-33.0	60	-37	2	-99	-55	-43.9	-44.0
Minority interest	2	2	1	1	5	431.2	2	2	1	1	5	431.2	431.2
Attributable net profit	15	150	100	251	279	11.0	-139	127	80	258	273	5.8	5.8

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.8747.

Net interest income:

Net interest income amounted to 1,806 million euros as at the end of June 2019, representing a slight year-on-year decline of -0.2% at Group level. Quarter-on-quarter, net interest income increased by 0.5%.

Excluding TSB, net interest income amounted to 1,320 million euros as at the end of June 2019, representing a slight decrease of -0.3% compared to the previous year, due to the impact of IFRS16 and lower long-term interest rates. In the quarter, this growth was of 1.1%, mainly due to volume growth and seasonality.

In TSB, net interest income amounted to 486 million euros, similar to the figures in the previous year. In the quarter, this item declined by -1.2% due to the lower contribution of the fixed-income portfolio.

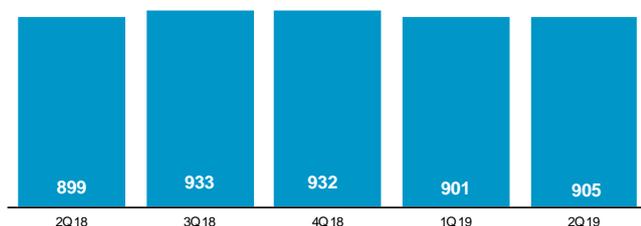
Customer spread and net interest margin:

Customer spread stood at 2.65% (2.60% excluding TSB), impacted by lower long-term interest rates and higher customer funds excluding TSB, partially offset by improved mortgage yields in the United Kingdom due to exchange rate fluctuations.

The net interest margin as a percentage of average total assets stood at 1.60% (1.48% excluding TSB), impacted by lower loan yields and higher wholesale funding cost following the issuances carried out in the first half of the year to meet MREL requirements.

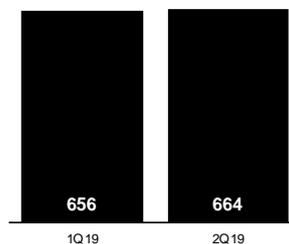
Evolution of net interest income

Total group (€ millions)



Change YoY:	-0.2%	Constant FX	-0.5%
Change QoQ:	+0.5%		+0.4%

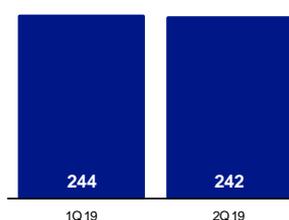
Sabadell ex - TSB (€ millions)



Change YoY:
-0.3%

Change QoQ:
+1.1%

TSB (€ millions)



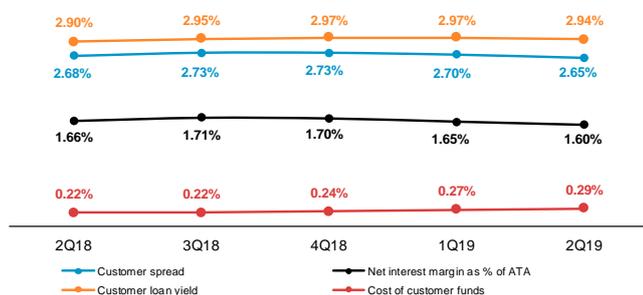
Change YoY:
-0.1%

Constant FX
-0.6%

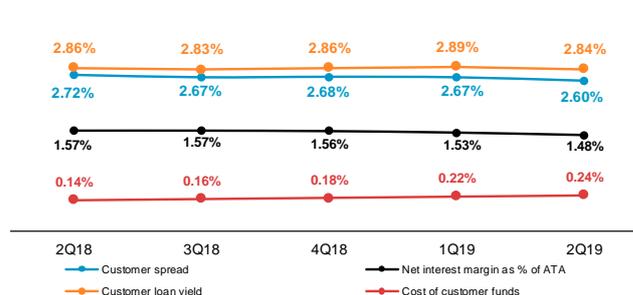
Change QoQ:
-1.2%

Constant FX
-1.4%

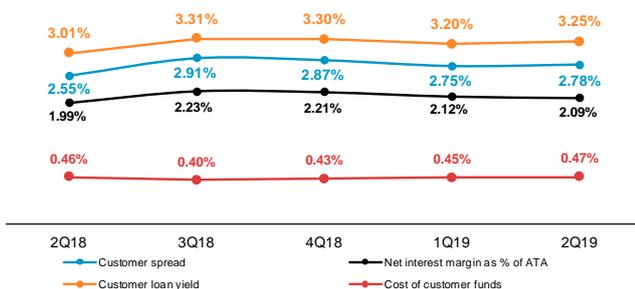
Net interest income, Group (%)



Net interest income, ex TSB (%)



Net interest income, TSB (%)



Gains and charges in the quarter

Total Group

2019 (€ million)	1st Quarter			2nd Quarter (1)			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalent (2)	31,207	0.19	45	33,178	0.21	47						
Loans to customers (net)	138,026	2.97	1,011	139,417	2.94	1,022						
Fixed-income securities	25,213	1.34	83	26,672	1.30	87						
Equity securities	869	--	--	935	--	--						
Tang. & intang. assets	5,331	--	--	5,364	--	--						
Other assets	20,543	1.67	85	21,034	1.46	77						
Total assets	221,189	2.19	1,194	226,600	2.13	1,203						
Financial institutions (3)	32,238	-0.15	-12	31,913	-0.12	-9						
Customer deposits (4)	144,271	-0.27	-97	148,279	-0.29	-107						
Capital markets	24,639	-1.39	-85	24,855	-1.45	-90						
Other liabilities	7,698	-5.23	-99	8,893	-4.13	-92						
Shareholders' equity	12,343	--	--	12,659	--	--						
Total funds	221,189	-0.54	-293	226,600	-0.53	-298						
Net interest income			901			905						
Customer spread		2.70			2.65							
Net interest margin as % of ATA		1.65			1.60							

2018 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results									
Cash and cash equivalent (2)	29,544	0.01	1	28,180	0.01	1	27,865	0.15	11	28,762	0.16	11
Loans to customers (net)	133,924	3.00	992	135,992	2.90	983	137,034	2.95	1,019	136,621	2.97	1,022
Fixed-income securities	25,407	1.41	89	26,158	1.42	93	25,886	1.28	84	26,340	1.32	88
Equity securities	989	--	--	1,021	--	--	836	--	--	891	--	--
Tang. & intang. assets	3,874	--	--	4,061	--	--	4,179	--	--	4,220	--	--
Other assets	23,142	0.77	44	21,625	1.11	60	21,013	1.52	81	21,099	1.70	90
Total assets	216,880	2.10	1,125	217,039	2.10	1,136	216,813	2.19	1,194	217,934	2.21	1,212
Financial institutions (3)	31,881	-0.11	-9	32,137	-0.09	-7	31,924	-0.10	-8	32,190	-0.14	-12
Customer deposits (4)	138,805	-0.20	-69	140,271	-0.22	-76	142,224	-0.22	-78	142,883	-0.24	-87
Capital markets	25,588	-1.34	-84	25,005	-1.29	-81	23,715	-1.31	-78	24,174	-1.31	-80
Other liabilities	7,848	-2.64	-51	7,327	-4.04	-74	6,799	-5.69	-98	6,581	-6.10	-101
Shareholders' equity	12,757	--	--	12,299	--	--	12,151	--	--	12,106	--	--
Total funds	216,880	-0.40	-213	217,039	-0.44	-238	216,813	-0.48	-262	217,934	-0.51	-279
Net interest income			912			899			933			932
Customer spread		2.80			2.68			2.73			2.73	
Net interest margin as % of ATA		1.70			1.66			1.71			1.70	

- (1) The EURGBP exchange rate used for the income statement for the quarter is 0.8747 while that used for the balance sheet is 0.8966.
- (2) Includes cash, central banks, credit institutions and reverse repos.
- (3) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading under liabilities includes financial income arising from the application of negative interest rates to deposits of credit institutions on the liabilities side, mainly those relating to TLTRO II.
- (4) Includes repos.

Sabadell ex-TSB

2019 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalents (1)	23,099	0.02	1	24,537	0.03	2						
Loans to customers (net)	103,260	2.89	737	105,130	2.84	745						
Fixed-income securities	22,695	1.38	77	24,620	1.33	82						
Equity securities	869	--	--	935	--	--						
Tang. & intang. assets	4,762	--	--	4,795	--	--						
Other assets	19,758	1.60	78	20,202	1.45	73						
Total assets	174,442	2.08	893	180,219	2.01	901						
Financial institutions (2)	24,862	0.02	2	24,561	0.07	4						
Customer deposits (3)	110,544	-0.22	-60	114,990	-0.24	-68						
Capital markets	22,523	-1.37	-76	22,367	-1.41	-79						
Other liabilities and shareholders' equity	16,514	-2.52	-103	18,301	-2.08	-95						
Total funds	174,442	-0.55	-237	180,219	-0.53	-238						
Net interest income			656			664						
Customer spread		2.67			2.60							
Net interest margin as % of ATA		1.53			1.48							

2018 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results									
Cash and cash equivalents (1)	21,013	-0.18	-10	20,625	-0.17	-9	19,845	-0.03	-2	21,266	-0.04	-2
Loans to customers (net)	98,849	2.87	700	100,741	2.86	718	102,538	2.83	731	102,648	2.86	740
Fixed-income securities	22,961	1.48	84	23,314	1.49	86	23,539	1.33	79	23,616	1.36	81
Equity securities	961	--	--	1,006	--	--	825	--	--	889	--	--
Tang. & intang. assets	3,668	--	--	3,707	--	--	3,763	--	--	3,815	--	--
Other assets	21,530	0.89	47	20,391	1.14	58	20,123	1.42	72	20,333	1.62	83
Total activos	168,982	1.97	821	169,785	2.02	854	170,632	2.05	881	172,568	2.07	902
Financial institutions (2)	25,064	0.01	1	24,763	0.02	1	24,645	0.07	4	24,906	0.03	2
Customer deposits (3)	103,372	-0.13	-34	105,696	-0.14	-36	108,568	-0.16	-43	109,843	-0.18	-51
Capital markets	23,735	-1.35	-79	23,155	-1.32	-76	21,940	-1.33	-74	22,460	-1.28	-72
Other liabilities and shareholders' equity	16,810	-1.23	-51	16,172	-1.93	-78	15,479	-2.45	-95	15,359	-2.61	-101
Total funds	168,982	-0.39	-163	169,785	-0.45	-189	170,632	-0.48	-208	172,568	-0.51	-222
Net interest income			658			665			672			680
Customer spread		2.74			2.72			2.67			2.68	
Net interest margin as % of ATA		1.58			1.57			1.57			1.56	

(1) Includes cash, central banks, credit institutions and reverse repos.

(2) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading under liabilities includes financial income arising from the application of negative interest rates to deposits of credit institutions on the liabilities side, mainly those relating to TLTRO II.

(3) Includes repos.

Income from equity method and dividends:

This item amounted to 36 million euros as at the end of June 2019, compared with 37 million euros at the end of June in the previous year. The income under this item mainly includes income from the insurance and pension fund business.

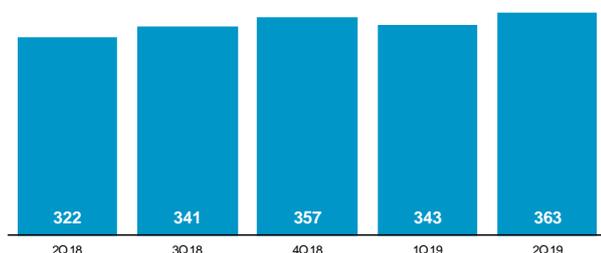
Net fees and commissions:

Net fees and commissions continued to perform well, with a year-on-year increase of 10.9% (7.9% excluding TSB), mainly supported by the improvement in service fees.

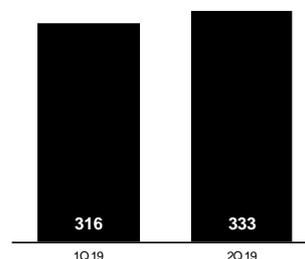
Quarter-on-quarter, net fees and commissions increased by 6.0% (5.4% excluding TSB), due to the good performance across all segments, with service fees experiencing the highest increase, driven by credit card and syndication loan fees.

Evolution of net fees and commissions

Total group (€ millions)



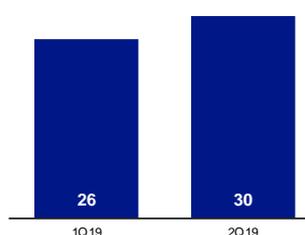
Sabadell ex - TSB (€ millions)



Change YoY:
+7.9%

Change QoQ:
+5.4%

TSB (€ millions)



Change YoY:
+61.1%
+60.3% Constant FX

Change QoQ:
+13.5%
+13.2% Constant FX

	Total group	Constant FX
Change YoY:	+10.9%	+10.8%
Change QoQ:	+6.0%	+6.0%

Net fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q19	2Q19	Change (%)	1Q19	2Q19	Change (%)	1H18	1H19	Change (%)	1H18	1H19	Change (%)
Lending fees	35	35	0.5	35	35	0.5	66	69	5.4	70	69	-0.2
Guarantees commissions	27	27	0.6	27	27	0.6	49	55	10.8	49	55	10.8
Risk transaction fees	62	62	0.5	62	62	0.5	115	124	7.7	119	124	4.3
Cards	48	56	15.4	58	68	18.5	87	104	19.0	101	126	25.0
Payment orders	14	15	7.7	15	16	7.3	27	30	10.1	31	31	0.8
Securities	15	15	-3.5	15	15	-3.5	31	30	-4.8	31	30	-4.8
Custodian mutual and pension funds	3	3	2.5	3	3	2.5	7	6	-9.0	7	6	-9.0
Sight accounts	35	35	0.3	48	49	2.3	71	70	-2.4	105	97	-8.0
Foreign currency and notes exchange	27	28	5.9	29	31	6.0	45	55	20.5	45	60	32.1
Other transactions	25	27	10.6	22	24	8.5	36	52	46.5	7	46	--
Commissions for services	167	179	7.4	190	206	8.4	305	346	13.6	328	396	20.9
Mutual funds	36	38	3.0	36	38	3.0	78	74	-5.3	78	74	-5.3
Pension funds and insurance brokerage	45	48	7.6	48	51	6.8	89	93	4.6	97	99	2.0
Wealth management	7	6	-3.1	7	6	-3.1	15	13	-15.4	15	13	-15.4
Asset Under Management commissions	88	92	4.9	91	95	4.6	182	180	-1.3	190	186	-2.4
Total	316	333	5.4	343	363	6.0	602	649	7.9	637	706	10.9

(1) The EURGBP exchange rate used for the income statement is 0.8759 for the year and 0.8747 for the quarter.

Net trading income and exchange differences:

At the end of June 2019, this item amounted to 45 million euros (24 million euros excluding TSB), compared to 246 million euros (220 million euros excluding TSB) at the end of June in the previous year, mainly due to the impact of the SAREB subordinated debt impairment of -47 million euros and lower sales from the fixed-income portfolio.

Other operating income and expenses:

This item amounted to -99 million euros as at the end of June 2019 (-98 million euros excluding TSB) compared with -98 million euros as at the end of June 2018 (-55 million euros excluding TSB).

In the quarter, it is worth noting the contribution to the Single Resolution Fund (SRF) of -59 million euros, compared to -50 million euros in the preceding year.

Total costs:

Total costs amounted to -1,567 million euros as at the end of June 2019 (-1,043 million euros excluding TSB), compared to -1,656 million euros at the end of June in the previous year (-1,051 million euros excluding TSB), representing a reduction of -5.4%.

Recurrent costs and amortisations amounted to -1,516 million euros (-1,033 million euros excluding TSB), representing a slight increase of 0.2% year-on-year due to exchange rate in TSB (-0.9% excluding TSB). Non-recurrent costs experienced a significant decline, as the second quarter of the previous year included the impacts of TSB's migration and post-migration.

In the quarter, recurrent expenses and amortisations increased by 2.5% (2.6% excluding TSB), mainly due to seasonality in the first quarter of 2019 and higher costs in Mexico.

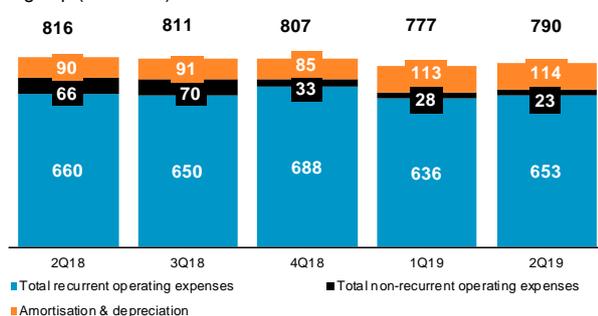
Total costs

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q19	2Q19	Change (%)	1Q19	2Q19	Change (%)	1H18	1H19	Change YoY	1H18	1H19	Change YoY
Recurrent	-289	-305	5.8	-386	-404	4.8	-580	-594	2.4	-777	-790	1.6
Non-recurrent	-3	-6	80.2	-5	-15	176.9	-8	-10	28.1	-21	-20	-5.2
Personnel expenses	-292	-312	6.7	-391	-419	7.2	-588	-604	2.7	-799	-810	1.4
IT and communications	-42	-37	-12.5	-93	-88	-5.1	-87	-79	-10.0	-202	-182	-10.3
Advertising	-12	-14	16.3	-23	-23	2.1	-24	-25	7.0	-50	-46	-6.9
Premises and office supplies	-13	-12	-6.0	-25	-23	-5.3	-69	-25	-64.2	-109	-48	-56.2
Taxes other than income tax	-29	-28	-2.5	-29	-28	-2.5	-54	-58	6.8	-54	-58	6.8
Others	-46	-46	0.5	-81	-85	5.8	-91	-92	1.1	-144	-166	15.5
Total recurrent	-142	-137	-3.3	-250	-249	-0.6	-326	-279	-14.4	-559	-499	-10.7
Non-recurrent	0	0	--	-23	-8	-66.3	0	0	--	-122	-31	-74.7
Other general expenses	-142	-137	-3.3	-273	-256	-6.2	-326	-279	-14.4	-681	-530	-22.1
Amortisation & depreciation	-80	-81	1.6	-113	-114	1.5	-137	-161	17.2	-177	-227	28.5
Total	-513	-530	3.1	-777	-790	1.7	-1,051	-1,043	-0.7	-1,656	-1,567	-5.4

(1) The EURGBP exchange rate used for the income statement is 0.8759 for the year and 0.8747 for the quarter.

Evolution of total costs

Total group (€ millions)



	Total group ⁽¹⁾	Constant FX ⁽¹⁾
Change YoY:	+0.2%	-0.1%
Change QoQ:	+2.5%	+2.4%

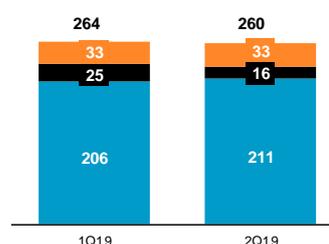
(1) Change over total recurrent costs and amortisation.

Sabadell ex - TSB (€ millions)



Recurrent expenses and amortisation	
Change YoY:	-0.9%
Change QoQ:	+2.6%

TSB (€ millions)



Recurrent expenses and amortisation	
Change YoY:	+2.8%
Change YoY:	+2.3% Constant FX
Change QoQ:	+2.3%
Change QoQ:	+2.0% Constant FX

Pre-provisions income:

As at the end of June 2019, pre-provisions income amounted to 927 million euros (889 million euros excluding TSB), representing a year-on-year decline of -5.0% (-17.4% excluding TSB), mainly due to the extraordinary trading results of the previous year and the impact of the SAREB subordinated debt impairment this year.

Provisions for NPLs and other impairments:

This item amounted to -374 million euros as at the end of June 2019 (-341 million euros excluding TSB), compared with -806 million euros (-667 million euros excluding TSB) as at the end of June in the previous year, due to one-off provisions for institutional portfolio sales and customer redress provisions in TSB following migration, as well as improved recurrent provisions in the year.

In the quarter, this item amounted to -184 million euros compared to -190 million euros in the preceding quarter, representing an improvement in the Group's cost of risk, which stood at 48 bps at the end of June 2019.

Gains on asset sales and other income:

This item amounted to 139 million euros as at the end of June 2019, compared to 4 million euros in the preceding year due to the gain of 135 million euros of the sale of Solvia Servicios Inmobiliarios.

Net profit:

Group net profit amounted to 532 million euros as at the end of June 2019, representing a significant year-on-year growth due to the one-off items recognised in the preceding year, and a growth of 5.8% quarter-on-quarter due to the growth of core revenues and the capital gain on the sale of Solvia Servicios Inmobiliarios.

Excluding TSB, net profit attributable to the Group amounted to 530 million euros as at the end of June 2019.

Balance sheet

Highlights:

Positive trend of performing loans, which increased by 0.7% year-on-year. Quarter-on-quarter increased of 1.1%, due to positive loan growth momentum across geographies.

Excluding the APS impact, this item grew by 2.0% year-on-year, driven by the good performance of Spain and Mexico. Considering a constant exchange rate, this item increased by 2.2% year-on-year and 2.3% quarter-on-quarter.

On-balance sheet customer funds increased by 4.5% year-on-year and 1.3% quarter-on-quarter driven by sight accounts.

Off-balance sheet funds declined year-on-year and recorded a slight growth quarter-on-quarter due to the improvement in mutual funds and pensions funds.

Worthy of note in the quarter was the early repayment to the ECB of 5 billion euros of TLTRO II.

Balance sheet

(€million)	30.06.18	31.03.19	(2) 30.06.19	Change (%)	
				30.06.18	31.03.19
Cash, cash balances at central banks and other demand deposits	19,756	22,685	19,785	0.1	-12.8
Financial assets held for trading and fair value with changes in PL	2,259	2,418	2,539	12.4	5.0
Financial assets in fair value OCI	12,867	8,748	7,962	-38.1	-9.0
Financial assets at amortised cost	162,280	171,652	174,148	7.3	1.5
Loans and advances to customers	144,266	144,158	144,895	0.4	0.5
Loans and advances of central banks and credit institutions	6,311	10,694	10,330	63.7	-3.4
Debt securities	11,703	16,799	18,923	61.7	12.6
Investments in subsidiaries, joint ventures and associates	528	541	577	9.3	6.6
Tangible assets	3,361	3,565	3,568	6.1	0.1
Intangible assets	2,320	2,475	2,472	6.6	-0.1
Other assets	12,565	13,660	13,801	9.8	1.0
Total assets	215,935	225,744	224,852	4.1	-0.4
Financial liabilities held for trading and fair value with changes in PL	1,788	2,001	2,440	36.5	22.0
Financial liabilities at amortised cost	199,596	208,953	207,301	3.9	-0.8
Central banks	(1) 27,814	28,231	22,910	-17.6	-18.8
Credit institutions	(1) 10,612	13,868	13,284	25.2	-4.2
Customer deposits	136,994	140,299	143,231	4.6	2.1
Debt securities issued	21,168	22,399	21,636	2.2	-3.4
Other financial liabilities	3,009	4,156	6,241	107.4	50.1
Provisions	516	416	423	-18.2	1.6
Other liabilities	1,964	1,896	1,973	0.4	4.0
Subtotal liabilities	203,865	213,266	212,137	4.1	-0.5
Shareholders' equity	12,476	12,750	13,021	4.4	2.1
Accumulated other comprehensive income	-468	-339	-374	-20.0	10.3
Minority interest	61	67	69	12.1	2.1
Net equity	12,070	12,478	12,715	5.3	1.9
Total liabilities and equity	215,935	225,744	224,852	4.1	-0.4
Financial guarantees granted	2,036	2,019	2,030	-0.3	0.5
Commitments for loans granted	22,062	23,632	25,162	14.1	6.5
Other commitments granted	8,309	8,268	11,039	32.8	33.5

(1) Deposits with central banks and credit institutions include the following amounts of repos: 5,627 million euros as at 30.06.2018, 9,442 million euros as at 31.03.2019 and 9,173 million euros as at 30.06.2019.

(2) The EURGBP exchange rate used for the balance sheet is 0.8966.

Assets:

The Group's total assets amounted to 224,852 million euros, representing a year-on-year increase of 4.1% and a decline of -0.4% in the quarter.

Excluding TSB, they amounted to 178,204 million euros, representing a 5.6% increase year-on-year and remaining stable in the quarter.

Loans and advances to customers:

Performing gross loans ended the second quarter of 2019 with a balance of 141,703 million euros (107,853 million euros excluding TSB), representing a year-on-year growth of 0.7% (2.3% excluding TSB). Excluding the APS, this item grew by 2.0% year-on-year (4.1% excluding TSB) driven by Spain and Mexico.

Quarter-on-quarter growth of 1.1% (2.6% excluding TSB) due to positive loan growth momentum across geographies.

In Spain, performing loans, excluding the APS, increased by 3.5% year-on-year and 2.6% quarter-on-quarter, with loans to corporates, SMEs and public administrations being particularly noteworthy. Mexico continues to show a remarkable performance, growing by 21.5% year-on-year, and by 4.4% in the quarter.

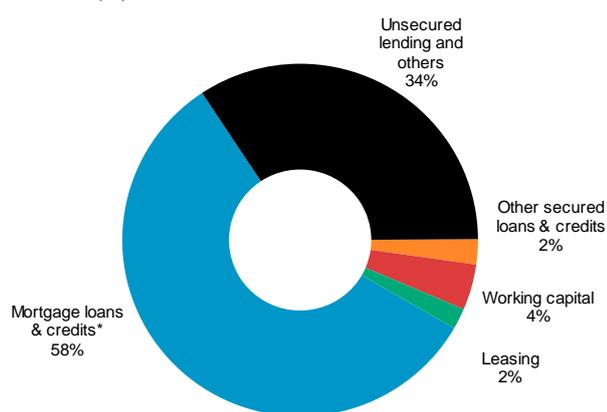
In TSB, net lending was affected by exchange rate fluctuations and recorded a decline of -3.8% year-on-year and -3.4% in the quarter. Considering a constant exchange rate, this item declined by -2.7% year-on-year, due to the slowdown of commercial activity after the IT migration. Worthy of note in the quarter was the 0.9% growth considering a constant exchange rate, due to the increase in core mortgages.

Loans and advances to customers

(€ million)	Excl. TSB					Total group				
	30.06.18	31.03.19	30.06.19	Change (%)		30.06.18	31.03.19	30.06.19	Change (%)	
Mortgage loans & credits	51,835	49,638	49,753	-4.0	0.2	83,977	82,184	81,293	-3.2	-1.1
Other secured loans & credits	2,491	2,936	3,240	30.1	10.3	2,494	2,937	3,240	29.9	10.3
Working capital	6,148	5,781	5,945	-3.3	2.8	6,148	5,781	5,945	-3.3	2.8
Leasing	2,505	2,520	2,707	8.1	7.4	2,505	2,520	2,707	8.1	7.4
Unsecured lending and others	42,486	44,222	46,207	8.8	4.5	45,543	46,717	48,517	6.5	3.9
Performing gross loans	105,465	105,097	107,853	2.3	2.6	140,667	140,139	141,703	0.7	1.1
Non-performing loans	6,900	5,827	5,818	-16.7	-0.2	7,290	6,298	6,274	-13.9	-0.4
Accruals	-111	-106	-58	-48.0	-45.6	-23	-32	17	--	--
Gross loans to customers (excluding repos)	112,255	110,818	113,613	1.2	2.5	147,934	146,406	147,993	0.0	1.1
Reverse repos	448	0	94	-79.1	--	448	1,007	94	-79.1	-90.7
Gross loans to customers	112,702	110,818	113,706	0.9	2.6	148,382	147,413	148,087	-0.2	0.5
NPL and country-risk provisions	-3,908	-3,038	-2,994	-23.4	-1.4	-4,115	-3,255	-3,192	-22.4	-1.9
Loans and advances to customers	108,794	107,780	110,712	1.8	2.7	144,266	144,158	144,895	0.4	0.5

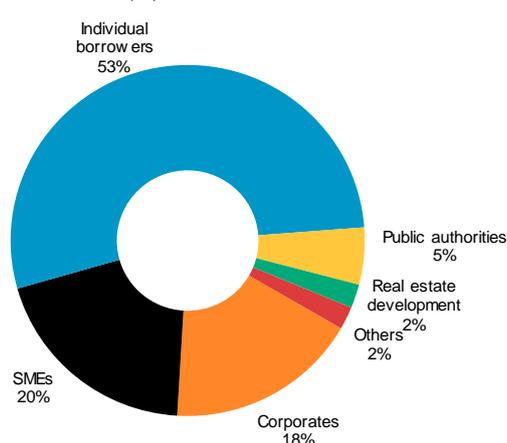
(1) The EURGBP exchange rate used for the balance sheet is 0.8966.

Loans and advances to customers by product type, 30.06.2019 (%) ^(*)



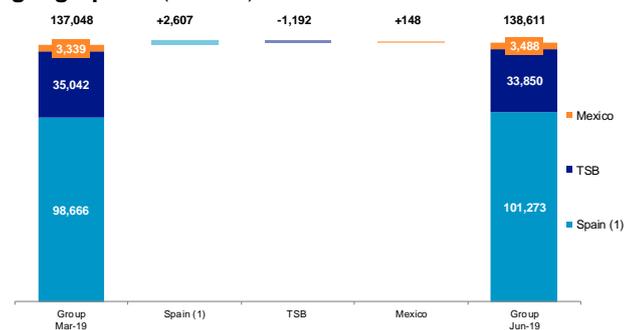
*Includes mortgage loans and credits both to individuals and companies.

Loans and advances to customers by customer profile, 30.06.2019 (%)



(*) Excluding NPAs and accrual adjustments.

Performing loans Ex APS: performance by geographies (€ million)

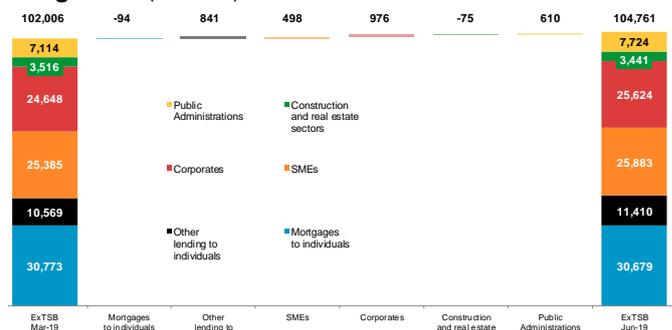


Change YoY:	+3.5%	-3.8% (*)	+21.5% (*)	+2.0%
Change QoQ:	+2.6%	-3.4% (*)	+4.4% (*)	+1.1%

(*) In TSB +0.9% QoQ and -2.7% YoY in GBP and in Mexico +5.1% QoQ and +15.9% YoY in MxN.

(1) Spain includes overseas branches.

Performing loans Ex TSB Ex APS: performance by segments (€ million)



Change YoY:	-0.3%	+2.9%	+2.8%	+11.0%	-5.2%	+11.6%	+4.1%
Change QoQ:	-0.3%	+8.0%	+2.0%	+4.0%	-2.1%	+8.6%	+2.7%

Liabilities:

Customer funds:

At the end of the second quarter of 2019, on-balance sheet customer funds amounted to 141,862 million euros (108,620 million euros excluding TSB), representing a year-on-year increase of 4.5% (6.2% excluding TSB) and a quarter-on-quarter increase of 1.3% (2.5% excluding TSB), reflecting the strength of the banking franchise.

Sight account balances amounted to 113,607 million euros (83,724 million euros excluding TSB), representing an increase of 7.8% year-on-year (11.7% excluding TSB) and a 3.0% increase quarter-on-quarter (5.9% excluding TSB).

Term deposits amounted to 28,303 million euros (24,945 million euros excluding TSB), representing an -3.3% decline from the previous year (-5.3% excluding TSB) and a -2.8% decline from the previous quarter (-5.2% excluding TSB).

At TSB level, on-balance sheet customer funds declined by -0.4% year-on-year and by -2.3% in the quarter, affected by exchange rate fluctuations. Considering a constant exchange rate, growth of 0.8% year-on-year and by 2.1% in the quarter, driven by current accounts and term deposits.

Total off-balance sheet funds amounted to 43,720 million euros as at the end of the second quarter of 2019, declining by -6.8% with respect to the previous year and showing a slight increase of 0.1% compared to the previous quarter, mainly due to the recovery of equity in mutual funds and pensions funds.

Debt and other tradable securities:

At the end of the second quarter of 2019, this item amounted to 18,617 million euros (16,632 million euros excluding TSB), representing a decline of -0.2% year-on-year (-3.8% excluding TSB) and of -3.6% in the quarter (-3.3% excluding TSB).

Exposures to central banks at the end of the second quarter of 2019 amounted to 22,717 million euros, of which 15,500 million euros corresponded to the ECB and 7,217 million euros corresponded to the Bank of England.

It is worth noting that the reduction in the position with the ECB is due to the early repayment of 5 billion euros of TLTRO II.

Funds under management:

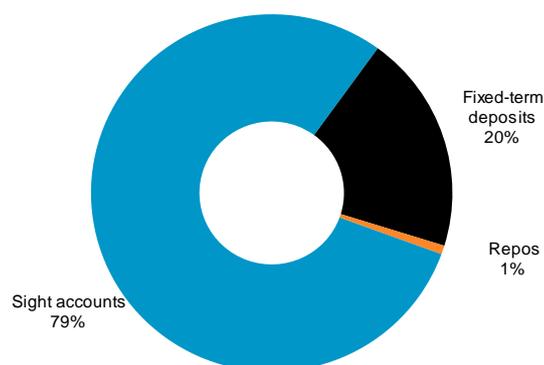
Funds under management amounted to 208,587 million euros (172,416 million euros excluding TSB), compared with 205,063 million euros (168,809 million euros excluding TSB) one year previously, representing a year-on-year increase of 1.7% (2.1% excluding TSB) and a quarter-on-quarter growth of 1.1% (1.6% excluding TSB).

Customer funds

(€ million)	Excl. TSB					Total group				
			Change (%)					(1) Change (%)		
	30.06.18	31.03.19	30.06.19	30.06.18	31.03.19	30.06.18	31.03.19	30.06.19	30.06.18	31.03.19
Financial liabilities at amortised cost	156,002	164,382	163,616	4.9	-0.5	199,596	208,953	207,301	3.9	-0.8
Non-retail financial liabilities	53,679	58,415	54,995	2.5	-5.9	63,901	68,967	65,440	2.4	-5.1
Central banks	20,502	20,682	15,680	-23.5	-24.2	27,814	28,231	22,910	-17.6	-18.8
Credit institutions	10,612	13,849	13,281	25.1	-4.1	10,612	13,868	13,284	25.2	-4.2
Institutional issues	19,585	20,015	20,076	2.5	0.3	22,466	22,712	23,005	2.4	1.3
Other financial liabilities	2,980	3,869	5,958	100.0	54.0	3,009	4,156	6,241	107.4	50.1
On-balance sheet customer funds	102,323	105,967	108,620	6.2	2.5	135,695	139,986	141,862	4.5	1.3
Customer deposits	102,564	106,169	109,490	6.8	3.1	136,994	140,299	143,231	4.6	2.1
Sight accounts	74,942	79,092	83,724	11.7	5.9	105,400	110,286	113,607	7.8	3.0
Fixed-term deposits	(2) 26,350	26,305	24,945	-5.3	-5.2	29,265	29,131	28,303	-3.3	-2.8
Repos	1,145	366	668	-41.7	82.3	2,188	426	1,115	-49.0	16.16
Accruals and derivative hedging adjustments	127	405	153	20.9	-62.1	141	466	205	45.2	-55.0
Debt and other tradable securities	17,290	17,207	16,632	-3.8	-3.3	18,661	19,321	18,617	-0.2	-3.6
Subordinated liabilities	(3) 2,054	2,606	2,575	25.4	-1.2	2,507	3,078	3,019	20.5	-1.9
On-balance sheet funds	121,908	125,982	128,697	5.6	2.2	158,162	162,698	164,867	4.2	1.3
Mutual funds	28,624	25,940	26,127	-8.7	0.7	28,624	25,940	26,127	-8.7	0.7
Equity funds	1,823	1,547	1,593	-12.6	3.0	1,823	1,547	1,593	-12.6	3.0
Balanced funds	7,152	6,472	6,587	-7.9	1.8	7,152	6,472	6,587	-7.9	1.8
Fixed-income funds	4,356	4,280	4,364	0.2	2.0	4,356	4,280	4,364	0.2	2.0
Guaranteed return funds	3,999	4,089	4,020	0.5	-1.7	3,999	4,089	4,020	0.5	-1.7
Real estate funds	125	122	127	1.9	4.4	125	122	127	1.9	4.4
Venture capital funds	42	47	100	136.7	112.8	42	47	100	136.7	112.8
Dedicated investment companies	2,220	1,660	1,665	-25.0	0.3	2,220	1,660	1,665	-25.0	0.3
Third-party funds	8,907	7,723	7,671	-13.9	-0.7	8,907	7,723	7,671	-13.9	-0.7
Managed accounts	4,007	3,528	3,371	-15.9	-4.5	4,007	3,528	3,371	-15.9	-4.5
Pension funds	3,869	3,616	3,708	-4.2	2.5	3,869	3,616	3,708	-4.2	2.5
Individual	2,376	2,138	2,165	-8.9	1.3	2,376	2,138	2,165	-8.9	1.3
Company	1,481	1,467	1,532	3.5	4.4	1,481	1,467	1,532	3.5	4.4
Group	12	11	11	-12.1	-1.4	12	11	11	-12.1	-1.4
Third-party insurance products	10,401	10,571	10,514	1.1	-0.5	10,401	10,571	10,514	1.1	-0.5
Off-balance sheet customer funds	46,901	43,655	43,720	-6.8	0.1	46,901	43,655	43,720	-6.8	0.1
Funds under management	168,809	169,637	172,416	2.1	1.6	205,063	206,353	208,587	1.7	1.1

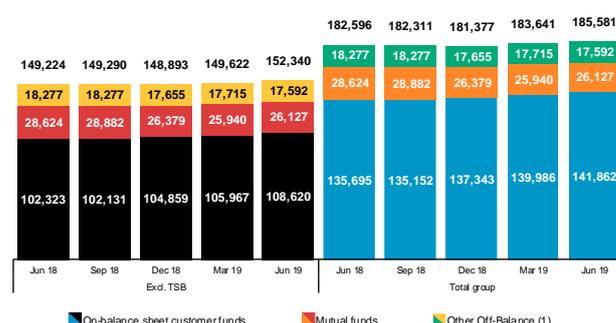
- (1) The EURGBP exchange rate used for the balance sheet is 0.8966.
(2) Includes deposits redeemable at notice and hybrid financial liabilities.
(3) These are subordinated liabilities of debt securities.

Customer deposits, 30.06.2019 (%) (*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of Customer funds (€ million)



Excl. TSB (*)

Change YoY: **+6.2%**

Change QoQ: **+2.5%**

Total group (*)

Change YoY: **+4.5%**

Change QoQ: **+1.3%**

(*) Change on balance sheet customer funds.

(1) Includes pension funds, third-party insurance products and wealth management.

Net equity:

The following table shows the evolution of net equity at the end of the second quarter of 2019:

Net equity

(€million)	30.06.18	31.03.19	30.06.19	Change	
				30.06.18	31.03.19
Shareholders' equity	12,476	12,750	13,021	545	271
Issued capital	703	703	703	0	0
Reserves	11,744	11,900	11,895	151	-5
Other equity	39	38	37	-2	-1
Less: treasury shares	-131	-149	-146	-15	4
Attributable net profit	121	258	532	411	273
Less: interim dividends	0	0	0	0	0
Accumulated other comprehensive income	-468	-339	-374	93	-35
Minority interest	61	67	69	7	1
Net equity	12,070	12,478	12,715	645	238

Risk management

Highlights:

Reduction in the Group's NPL ratio, which stood at 4.05% (4.81% excluding TSB).

Decline in Group problematic assets in the year, with a reduction of -26 million euros. In the quarter, increase of 67 million euros.

The NPA coverage ratio stood at 50.1%, with the coverage of non-performing loans reaching 51.7% and the coverage of foreclosed assets reaching 44.4%.

The Group's cost of risk improved, standing at 48 bps at the end of June 2019.

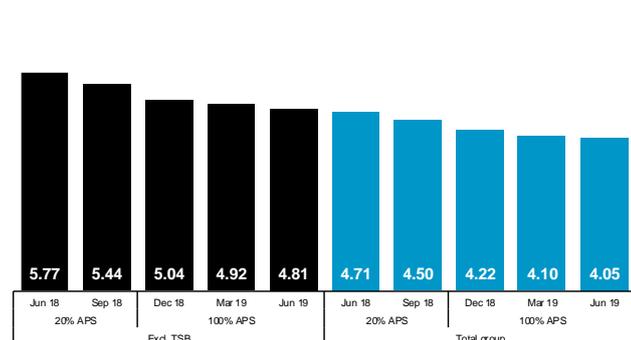
Risk management:

The Group's NPL ratio continued its downward trend due to the steady reduction of non-performing loans, falling to 4.05%.

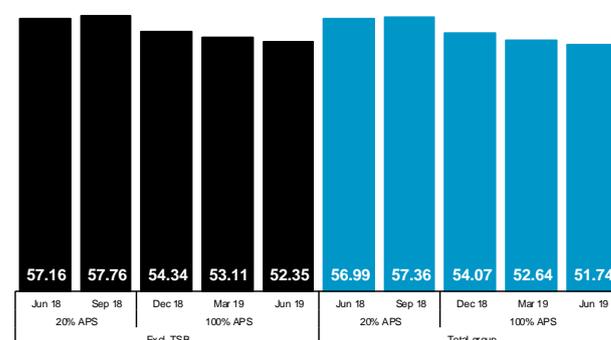
At the end of the second quarter of 2019, the balance of problematic (non-performing) assets amounted to 8,253 million euros, of which 6,380 million euros corresponded to non-performing loans and 1,873 million euros corresponded to foreclosed assets.

This level of non-performing assets (NPAs) resulted in a ratio of net NPAs to total assets of 1.8% and in a ratio of problematic assets over gross loans plus real estate assets of 5.5%.

NPL ratios (%) ^(*)



NPL coverage ratios (%) ^(*)



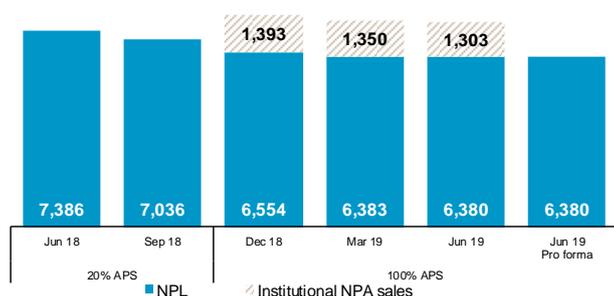
^(*) Calculated including contingent risk. In 4Q18 portfolios sold to institutional investors (not yet closed) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. On July 19, the sale of one of these portfolios was completed for a gross value of 2,124 million euros.

NPL ratios by segment ^(*)

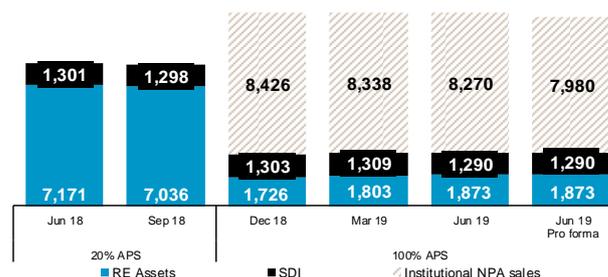
Excl. TSB	20% APS		100% APS		
	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Real estate development and/or construction purposes	17.66%	16.16%	16.68%	14.45%	13.97%
Construction purposes non-related to real estate dev.	6.42%	5.58%	5.68%	5.97%	5.65%
Large corporates	3.12%	2.60%	2.32%	1.88%	1.76%
SME and small retailers and self-employed	7.40%	7.05%	6.48%	6.44%	6.57%
Individuals with 1st mortgage guarantee assets	6.04%	5.89%	5.82%	5.80%	5.65%
NPL ratio	5.77%	5.44%	5.04%	4.92%	4.81%

^(*) Calculated including contingent risk. In 4Q18 portfolios sold to institutional investors (not yet closed) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. On July 19, the sale of one of these portfolios was completed for a gross value of 2,124 million euros.

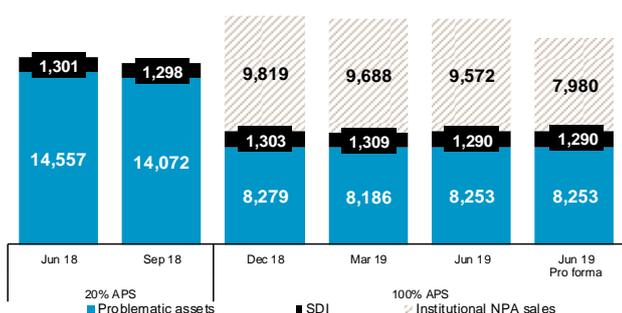
Evolution of NPLs (€ million) ^(*)



Evolution of Foreclosed assets (€ million) ^(*)



Evolution of problematic assets (€ million) ^(*)



(*) Calculated including contingent risk. In 4Q18 institutional portfolios have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. On July 19, the sale of one of these portfolios was completed for a gross value of 2,124 million euros.

The table below shows the evolution of the Group's problematic assets and their reduction during the last few quarters.

Evolution of NPLs and foreclosed assets ex-TSB

(€million)	20% APS			100% APS	
	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Entries	330	385	354	408	457
Recoveries	(1)	-573	-600	-1,053	-371
Ordinary net entries	-243	-215	-699	-12	86
Entries	176	129	209	136	107
Sales and other outcomes	(1)	-419	-264	-5,706	-37
Change in real estate assets	-244	-135	-5,497	77	70
Net entries plus change in real estate assets	-487	-350	-6,196	66	156
Write-offs	-268	-187	-106	-182	-76
Real estate assets and NPL quarterly change	-755	-538	-6,302	-117	79

(1) In 4Q18 5,800 million euros of NPAs included in institutional portfolios have been reclassified as non-current assets held for sale (279 million euros of NPLs and 5,521 million euros of foreclosed assets). On July 19, the sale of one of these portfolios was completed for a gross value of 2,124 million euros.

Coverage of Group problematic assets ^(*)

(€ million)	20% APS		100% APS		
	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Non-performing exposures	7,386	7,036	6,554	6,383	6,380
Provisions	4,209	4,036	3,544	3,360	3,301
NPL coverage ratio (%)	57.0%	57.4%	54.1%	52.6%	51.7%
RE Assets	7,171	7,036	1,726	1,803	1,873
Provisions	3,991	3,932	767	790	831
Real Estate coverage ratio (%)	55.7%	55.9%	44.5%	43.8%	44.4%
Total problematic assets	14,557	14,072	8,279	8,186	8,253
Provisions	8,200	7,968	4,311	4,150	4,132
Problematic assets coverage (%)	56.3%	57%	52.1%	50.7%	50.1%
Gross loans and advances to customers, excluding repos	147,934	147,203	145,824	146,406	147,993
Problematic assets over Gross loans + RE assets	9.4%	9.1%	5.6%	5.5%	5.5%
Net problematic assets	6,357	6,104	3,968	4,036	4,121
Net problematic assets as of % of total assets	2.9%	2.8%	1.8%	1.8%	1.8%

(*) Includes contingent risk. In 4Q18 portfolios sold to institutional investors (not yet closed) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. On July 19, the sale of one of these portfolios was completed for a gross value of 2,124 million euros.

Forborne and restructured loans

The outstanding balance of forborne and restructured loans as at the end of the second quarter of 2019 is as follows:

(€million)	Total	Of which: doubtful
Public sector	12	12
Companies and self employed	3,005	1,908
Of which: Financing for construction and real estate development	478	346
Individuals	1,961	1,255
Total	4,977	3,174
Provisions	1,145	1,055

Foreclosed assets pro forma ^(*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	1,256	603
Finished buildings	701	221
Housing	436	140
Rest	265	81
Buildings under construction	25	15
Housing	22	13
Rest	3	2
Land	530	367
Building land	138	80
Other land	392	288
Real estate assets deriving from home loan mortgages	617	228
Total real-estate portfolio	1,873	831

(*) Data 100% APS. Foreclosed assets, including properties outside Spain, considering the provisions allocated in the original financing and the credit risk that was transferred through the enforcement of the APS.

Movements in allowances for credit losses allocated by the Group

(€million)	2018	2019
Initial balance	3,740	3,435
IFRS9 implementation	993	0
Movements reflected in provisions for NPLs	59	252
Movements not reflected in provisions for NPLs	-184	-497
Utilisation of provisions	-1,451	-438
Other movements (*)	-363	-59
Adjustments for exchange differences	-3	3
Final balance	3,435	3,193

(*) Corresponds to the transfer of allowances for credit losses to non-current assets held for sale and investment properties.

NOTE: Excludes guarantees and sums undrawn.

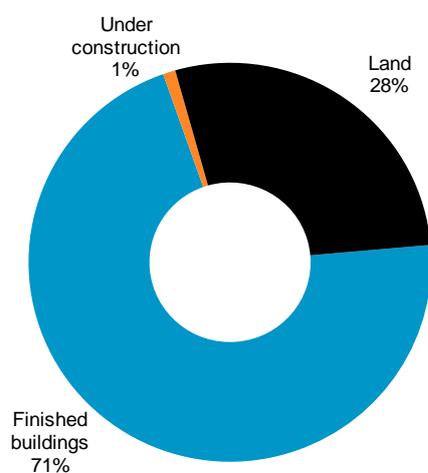
Breakdown of credit and provisions by stages

(€million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	142,106	9,100	6,380
Provisions	430	312	2,558
Coverage	0.3%	3.4%	40.1%

Breakdown of real estate exposures by asset class

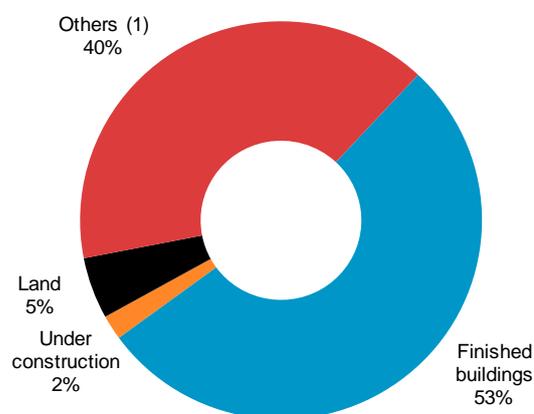
The following figures show the real estate exposures at the end of the second quarter of 2019, broken down by asset class:

Foreclosed assets, 30.06.2019 (%) (*)



(*) Data 100% APS.

Real estate development, 30.06.2019 (%) (*)



(1) Includes other guarantees.

Liquidity management

Highlights:

Strong liquidity position, with the LCR (Liquidity Coverage Ratio) at the end of the second quarter of 2019 standing at 157% at Group level (167% excluding TSB and 299% in TSB), following the early repayment of 5 billion euros to the ECB in relation to TLTRO II.

The loan-to-deposit ratio as at the end of the second quarter of 2019 was 100.5% with a balanced retail funding structure.

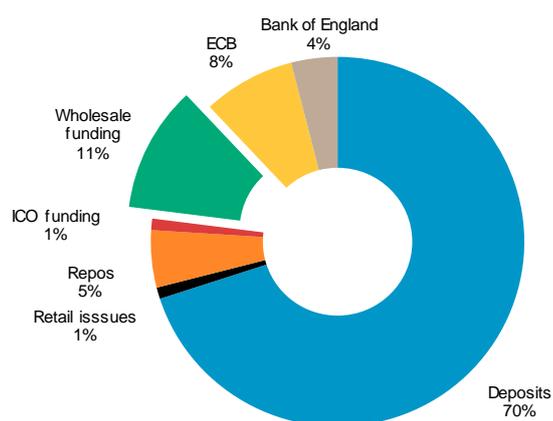
It is worth highlighting the issuances carried out in the year of 1.9 billion euros of senior preferred debt and 1 billion euros of senior non-preferred debt eligible for meeting MREL requirements.

(€ million)	30.06.18	31.03.19	30.06.19 (1)
Loans and advances to customers (2)	143,818	143,151	144,801
Brokered loans	-3,119	-2,385	-2,211
Adjusted net loans and advances	140,700	140,766	142,590
On-balance sheet customer funds	135,695	139,986	141,862
Loan-to-deposits ratio (%)	103.7	100.6	100.5

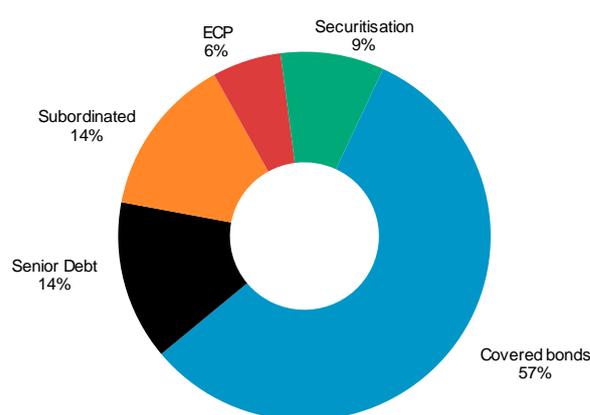
(1) The EURGBP exchange rate used for the balance sheet is 0.8966.

(2) Excludes reverse repos.

Funding structure, 30.06.2019 (%)



Wholesale funding breakdown, 30.06.2019 (%)



Maturities

(€ million)	2019	2020	2021	2022	2023	2024	>2024	Outstanding balance
Covered bonds	524	2,015	1,808	1,677	1,388	2,687	2,301	12,400
Senior Debt	27	495	347	682	987	739	22	3,299
Senior Debt Non Preferred	0	0	0	0	0	951	0	951
Subordinated	0	413	0	0	0	0	1,439	1,852
Total	552	2,923	2,155	2,359	2,375	4,377	3,763	18,503

News issuances in the year

(€ million)	1Q19	2Q19	3Q19	4Q19
Covered bonds	874	0	0	0
Senior Debt	604	303	1,000	0
Senior Non Preferred Debt	0	1,000	0	0
Total	1,478	1,303	1,000	0

Maturities in the year

(€ million)	1Q19	2Q19	3Q19	4Q19
Covered bonds	300	300	0	524
Senior Debt	603	935	10	17
Total	903	1,235	10	541

Capital management and credit ratings

Highlights:

Improvement of CET1 ratio by 20bps, which stood at 11.9% phase-in and at 11.2% fully-loaded as at the end of the second quarter of 2019. The pro forma⁽¹⁾ CET1 ratio was 11.4% fully-loaded.

The fully-loaded CET1 ratio includes +9bps in organic capital generation, +7bps in deductions, +7bps in Solvia capital gains and -3bps in SAREB subordinated debt impairment.

(1) Includes +18bps in RWAs released from NPA sales, +8bps in capital gains on the sale of Solvia (accrued in the quarter as a dividend to be reverted at the end of the year).

The capital requirement on a consolidated basis requires the group to maintain a minimum phase-in CET1 ratio of 9.64% and a minimum phase-in Total Capital ratio of 13.14%, being the MDA buffer of 193 bps.

The leverage ratio stood at 4.95% phase-in and 4.69% fully-loaded.

The MREL ratio improved following the issuances carried out in the quarter, standing at 21.4% compared to 19.0% in the first quarter of the year. The TLOF ratio stood at 8.1%.

Phase-in capital ratios

(€million)	30.06.18	31.03.19	30.06.19
Issued capital	703	703	703
Reserves	11,232	11,650	11,839
Minority interest	11	14	14
Deductions (1)	-2,340	-2,619	-2,695
Common Equity Tier 1	9,606	9,748	9,861
CET 1 Phase-in (%)	11.9%	11.7%	11.9%
Preference shares and other	1,152	1,153	1,153
Primary capital	10,759	10,901	11,014
Tier I (%)	13.4%	13.0%	13.3%
Secondary capital	1,304	1,550	1,511
Tier II (%)	1.6%	1.9%	1.8%
Total capital	12,062	12,451	12,525
Total capital ratio (%)	15.0%	14.9%	15.1%
Risk weighted assets (RWA)	80,455	83,612	83,124
Leverage ratio (%)	5.06%	4.94%	4.95%

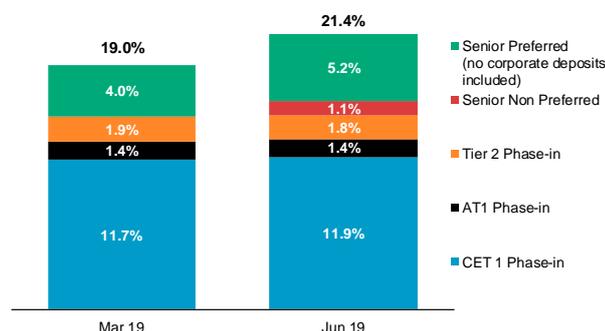
The phase-in CET1 ratio of Banco de Sabadell S.A. (individual) was 12.6% as at March 2019.

(1) Includes IFRS 9 transitional adjustments.

Fully-loaded capital ratios

(€million)	30.06.18	31.03.19	30.06.19
Issued capital	703	703	703
Reserves	11,232	11,650	11,839
Minority interest	11	14	14
Deductions	-3,075	-3,204	-3,280
Common Equity Tier 1	8,871	9,163	9,276
CET 1 Fully Loaded (%)	11.0%	11.0%	11.2%
Preference shares and other	1,152	1,153	1,153
Primary capital	10,024	10,316	10,429
Tier I (%)	12.4%	12.3%	12.5%
Secondary capital	1,304	1,590	1,511
Tier II (%)	1.6%	1.9%	1.8%
Total capital	11,328	11,907	11,940
Total capital ratio (%)	14.0%	14.2%	14.4%
Risk weighted assets (RWA)	80,766	83,629	83,121
Leverage ratio (%)	4.73%	4.67%	4.69%

MREL evolution, Group (% RWA)



Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	25.06.2019	A (low)	R-1 (low)	Estable
S&P Global Rating ⁽¹⁾	21.06.2019	BBB	A-2	Stable
Moody's ⁽²⁾	15.07.2019	Baa3 / Baa2	P-3 / P-2	Stable/Stable
Fitch Ratings	25.06.2019	BBB	F3	Stable

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(2) Corresponds to senior debt and deposits, respectively.

On 6 April 2018 **S&P Global Ratings** raised Banco Sabadell's long-term credit rating to BBB from BBB- and its short-term rating to A-2 from A-3. The outlook is stable. This credit rating upgrade is based on the improvement in Banco Sabadell's credit quality in a context of lower risk in the Spanish banking system, mainly due to its deleveraging, as well as improved investor confidence.

On 21 June 2019, S&P Global Ratings affirmed Banco Sabadell's long-term credit rating of BBB, its short-term rating of A-2 and its stable outlook.

On 19 September 2018, **Moody's** confirmed the Banco Sabadell long-term deposits rating of Baa2 and the senior debt rating of Baa3, as well as the short-term rating of deposits of P-2 and of senior debt of P-3, and it announced the change of outlook to stable from positive. The credit rating agency has taken into account the bank's improved asset risk profile following the sale of the majority of its foreclosed assets portfolio and the reduction of its NPLs, as well as the adequate liquidity position and the Group's capital and profitability indicators, which were weakened by the one-off items recognised in 2018 related to losses in the Group's subsidiary, TSB Bank plc, and provisions allocated for the sale of problematic assets.

On 15 July 2019, Moody's affirmed its credit rating of Banco Sabadell.

On 4 June 2019, **DBRS Ratings GmbH** announced the upgrade of its long-term rating of Banco Sabadell to A (Low), with a stable outlook, from BBB (High), to reflect the significant reduction of non-performing assets following the NPA sales, the progress made in resolving the incidents related to TSB's IT migration and the continuous improvement in core revenue. The short-term rating remains at R-1 (Low).

On 25 June 2019, DBRS Ratings GmbH affirmed its credit rating of Banco Sabadell.

On 29 March 2019, **Fitch Ratings** assigned Banco Sabadell a long-term rating of BBB and a short-term rating of F3, with a stable outlook. This rating reflects the strength of Banco Sabadell, which is the fourth largest bank in Spain in terms of assets, with extensive experience in the SME business and a good level of diversification in terms of geographies, thanks to its activities in the United Kingdom and Mexico. Fitch has also highlighted Sabadell's capital levels, which meet the requirements of European regulatory bodies, its liquidity profile and its reduction of problematic assets. This rating also takes into account the bank's challenges in improving its business in the United Kingdom, after the issues which arose from the IT migration of its UK subsidiary, TSB, and the uncertain operating environment in the country caused by Brexit. Fitch considers Banco Sabadell to have a solid franchise in Spain, as a result of its acquisitions strategy over the past decade, which provides it with a sound income-generating capacity and prospects for improvement in its profitability.

On 25 June 2019, Fitch Ratings affirmed its credit rating of Banco Sabadell.

Results by business units

This section gives information regarding results and other indicators of the Group's business units.

The criteria that Banco Sabadell Group uses for its segment reporting are:

- There are four separate geographies: Banking Business Spain, Asset Transformation, Banking Business United Kingdom and Other Geographies.
- Each business is allocated 11% of the capital divided by its risk-weighted assets and the surplus of own funds is allocated to Banking Business Spain.
- Banking Business United Kingdom includes TSB's contribution to the Group.
- Other Geographies mostly comprises Mexico, foreign branches and representative offices.

In terms of the other criteria applied, segment information is first structured with a breakdown by geography and then broken down based on the customers to which each segment is aimed.

Segmentation by geography and business unit

- **Banking Business Spain**, which includes the following customer-centric business units:

Commercial Banking offers both investment and savings products. In terms of investment, the sale of mortgage products, working capital and revolving credit is particularly noteworthy. In terms of savings, the main products are deposits (demand deposits and term deposits), mutual funds, savings insurance and pension plans. Payment protection insurance products and payment services are also noteworthy, such as credit cards and the issues of transfers, among others. It also includes the Private Banking segment and products, which have been designed to provide high added value to customers.

Corporate Banking offers specialised lending services together with a comprehensive offering of solutions relating to the fields of lending and treasury, as well as import and export activities, among others.

- **Asset Transformation:**

Comprehensively manages NPA risk and real estate exposures, and also sets out and implements the strategy of real estate investee companies.

- **Banking business United Kingdom:**

The TSB franchise includes business conducted in the United Kingdom, which includes current and savings accounts, loans, credit cards and mortgages.

- **Other geographies:**

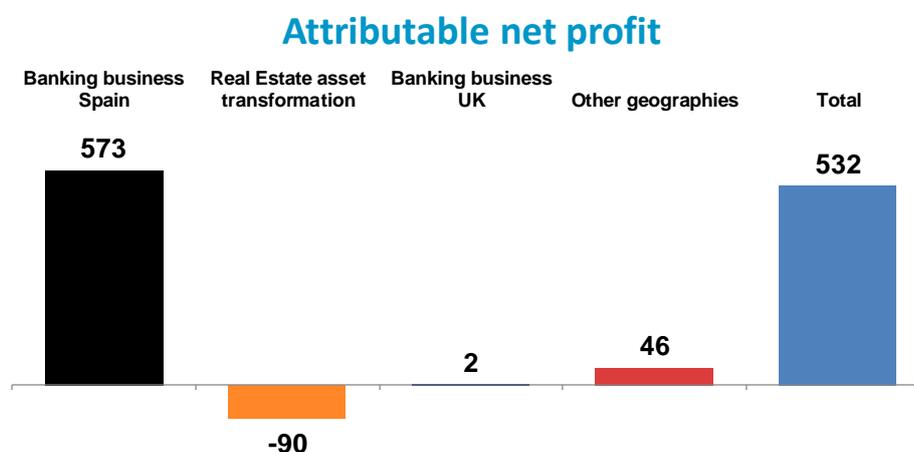
Other Geographies mostly comprises Mexico, foreign branches and representative offices that offer all types of banking and financial services of Corporate Banking, Private Banking and Commercial Banking.

The information presented herein is based on the separate financial statements of each Group company, with the corresponding disposals and adjustments in the scope of consolidation and the analytical accounting of income and expenses in cases in which a business is spread over one or more legal entities, to enable revenues and costs to be allocated for each customer depending on the business unit to which that customer is assigned.

Each business unit is treated as an independent business line, therefore fees and commissions received for the provision of services involving the distribution of products, services and systems are allocated between business units. The overall net impact of this allocation of fees and commissions between business units is zero.

Each business unit bears its own direct costs, on the basis of general and analytical accounting, as well as the indirect costs of corporate units.

Key data relating to the segmentation of the Group's activity are given hereafter.



Profit and loss 1H19

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Net interest income	1,190	-24	486	154	1,806
Net fees and commissions	622	0	56	28	706
Core revenues	1,811	-24	543	182	2,512
Results from financial transactions and foreign exchange	19	0	20	5	45
Income from equity method and dividends	35	0	0	1	36
Other operating income/expense	-115	22	-1	-5	-99
Gross operating income	1,751	-2	562	182	2,494
Operating expenses and amortisation	-898	-46	-524	-99	-1,567
Pre-provisions income	853	-47	38	83	927
Impairment on loans & advances	-238	-80	-33	-23	-374
Gains on sale of assets and other results	140	0	-1	0	139
Profit before tax	755	-127	3	60	692
Income tax	-178	37	-1	-12	-154
Minority interest	4	0	0	3	6
Attributable net profit	573	-90	2	46	532
ROE	11.9%	--	--	8.0%	6.9%
Efficiency	45.0%	--	81.4%	49.0%	54.7%
NPL ratio (%)	4.7%	40.1%	1.3%	0.8%	4.1%
NPL coverage ratio (%)	50.9%	61.9%	43.8%	106.6%	51.7%

Profit and loss 1H18

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Net interest income	1,220	-14	487	117	1,810
Net fees and commissions	575	1	35	25	637
Core revenues	1,795	-12	522	142	2,447
Results from financial transactions and foreign exchange	205	9	26	6	246
Income from equity method and dividends	36	0	0	1	37
Other operating income/expense	-131	70	-43	6	-98
Gross operating income	1,905	66	504	155	2,631
Operating expenses and amortisation	-897	-64	-605	-90	-1,656
Pre-provisions income	1,009	2	-101	65	975
Impairment on loans & advances	-262	-377	-139	-28	-806
Gains on sale of assets and other results	3	0	1	0	4
Profit before tax	750	-374	-239	37	173
Income tax	-206	119	42	-4	-49
Minority interest	2	0	0	2	4
Attributable net profit	542	-256	-197	32	121
ROE	11.4%	--	--	8.7%	1.5%
Efficiency	42.3%	--	112.1%	55.2%	57.1%
NPL ratio (%)	5.5%	27.7%	1.1%	0.6%	4.7%
NPL coverage ratio (%)	55.0%	64.0%	53.9%	241.1%	57.0%

Balance sheet 1H19

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Total assets	148,394	10,713	46,648	19,097	224,852
Performing gross loans	95,482	708	33,850	11,662	141,703
RE exposure	0	1,042	0	0	1,042
Subtotal liabilities	139,280	9,839	45,143	17,875	212,137
On-balance sheet customer funds	101,038	273	33,241	7,309	141,862
Capital markets w wholesale funding	19,168	0	2,415	0	21,583
Equity	9,114	875	1,505	1,222	12,715
Off-balance sheet customer funds	42,606	42	0	1,072	43,720

Balance sheet 1H18

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Total assets	140,570	12,850	47,159	15,356	215,935
Performing gross loans	93,396	2,273	35,202	9,796	140,667
RE exposure	0	3,180	0	0	3,180
Subtotal liabilities	132,177	11,826	45,581	14,281	203,865
On-balance sheet customer funds	96,569	182	33,373	5,572	135,695
Capital markets w wholesale funding	18,348	0	1,809	0	20,157
Equity	8,393	1,024	1,578	1,076	12,070
Off-balance sheet customer funds	45,800	34	0	1,067	46,901

Banking Business Spain

Net profit as at the end of June 2019 amounted to 573 million euros, representing a year-on-year increase of 5.8%, mainly due to the increase in net fees and commissions and the capital gain obtained on the sale of Solvia Servicios Inmobiliarios.

Net interest income amounted to 1,190 million euros and declined by -2.4% compared to the same period in 2018, mainly due to the impact of IFRS16 and lower long-term interest rates.

Net fees and commissions income amounted to 622 million euros, 8.0% higher than in the previous year, driven by the positive performance of service commissions and asset management fees.

Other operating income and expenses in the quarter include the contribution to the SRF of -59 million euros.

Trading results and exchange differences amounted to 19 million euros, representing a decline due to the extraordinary trading results of the previous year, as well as the impact of the SAREB subordinated debt impairment of -47 million euros.

Administrative expenses and amortisations amounted to -898 million euros, in line with the same period in the previous year.

Provisions and impairments amounted to -238 million euros, lower than in the previous year.

(€ million)	Change (%)		
	1H18	1H19	YoY
Net interest income	1,220	1,190	-2.4%
Net fees and commissions	575	622	8.0%
Core revenues	1,795	1,811	0.9%
Results from financial transactions and foreign exchange	205	19	-90.6%
Income from equity method and dividends	36	35	-1.2%
Other operating income/expense	-131	-115	-12.1%
Gross operating income	1,905	1,751	-8.1%
Operating expenses and amortisation	-897	-898	0.1%
Pre-provisions income	1,009	853	-15.4%
Impairment on loans & advances	-262	-238	-9.2%
Gains on sale of assets and other results	3	140	--
Profit before tax	750	755	0.8%
Income tax	-206	-178	-13.2%
Minority interest	2	4	68.1%
Attributable net profit	542	573	5.8%
Accumulated ratios			
ROE	11.4%	11.9%	
Efficiency	42.3%	45.0%	
NPL ratio (%)	5.5%	4.7%	
NPL coverage ratio (%)	55.0%	50.9%	

	Simple evolution					
	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
609	611	610	615	593	596	
285	291	305	321	302	320	
894	901	915	936	895	916	
208	-3	-9	-3	49	-30	
12	24	15	12	12	23	
-43	-88	-48	-180	-32	-84	
1,072	834	873	764	925	826	
-445	-452	-447	-447	-438	-460	
627	382	426	317	487	366	
-98	-164	-160	-120	-128	-110	
-1	4	-1	-1	1	140	
527	222	265	196	360	396	
-148	-57	-59	12	-93	-85	
1	1	0	0	0	4	
378	164	206	208	267	306	
<hr/>						
	15.3%	11.4%	10.7%	10.3%	10.4%	11.9%
	38.0%	42.3%	43.8%	44.4%	41.9%	45.0%
	6.0%	5.5%	5.3%	5.2%	4.9%	4.7%
	56.5%	55.0%	54.1%	52.1%	51.1%	50.9%

Performing loans amounted to 95,482 million euros, representing a 2.2% increase year-on-year, with loans to large corporations, SMEs and public administrations being particularly noteworthy.

On-balance sheet customer funds increased by 4.6% year-on-year, with a significant growth in sight accounts. Off-balance sheet funds fell by -7.0%, due to the decline in mutual funds.

(€ million)	Change (%)		
	1H18	1H19	YoY
Total assets	140,570	148,394	5.6%
Performing gross loans	93,396	95,482	2.2%
Subtotal liabilities	132,177	139,280	5.4%
On-balance sheet customer funds	96,569	101,038	4.6%
Capital markets w/wholesale funding	18,348	19,168	4.5%
Equity	8,393	9,114	8.6%
Off-balance sheet customer funds	45,800	42,606	-7.0%
Other data			
Employees	15,922	16,027	0.7%
Branches	1,877	1,864	-0.7%

	Simple evolution					
	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
139,346	140,570	142,603	146,411	147,693	148,394	
91,187	93,396	93,331	93,752	93,015	95,482	
130,202	132,177	134,090	137,866	138,837	139,280	
93,093	96,569	96,520	98,296	98,970	101,038	
19,374	18,348	18,997	19,833	19,129	19,168	
9,144	8,393	8,513	8,545	8,856	9,114	
45,302	45,800	46,021	42,976	42,543	42,606	
<hr/>						
	15,938	15,922	15,905	15,847	15,905	16,027
	1,881	1,877	1,877	1,865	1,864	1,864

Asset Transformation

Net profit as at June 2019 amounted to -90 million euros, improving by 64.9% year-on-year, mainly due to the reduction of provisions and the positive results on foreclosed asset sales.

Gross operating income amounted to -2 million euros, less than in the previous year due to the lower earnings associated with the institutional portfolios of foreclosed assets that were sold. It should be noted that this quarter excludes Solvia contributions, following its sale.

Administrative expenses and amortisations amounted to -46 million euros, representing a -29.0% decline year-on-year, driven by the smaller volume of foreclosed assets.

Provisions and impairments amounted to -130 million euros, -68.0% less than in the same period in the previous year, mainly due to the lower levels of provisions associated with institutional portfolio sales.

(€ million)	Change (%)			Simple evolution					
	1H18	1H19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Net interest income	-14	-24	-77.7%	-6	-8	-4	-10	-12	-12
Net fees and commissions	1	0	-75.6%	-5	6	0	0	0	0
Core revenues	-12	-24	92.3%	-11	-2	-4	-10	-12	-12
Results from financial transactions and foreign exchange	9	0	-100.0%	9	0	0	-4	0	0
Income from equity method and dividends	0	0	-100.0%	0	0	0	0	0	0
Other operating income/expense	70	22	-68.1%	33	38	29	20	18	4
Gross operating income	66	-2	--	30	36	25	5	6	-8
Operating expenses and amortisation	-64	-46	-29.0%	-33	-31	-30	-46	-29	-17
Pre-provisions income	2	-47	--	-3	5	-5	-41	-22	-25
Impairment on loans & advances	-407	-130	-68.0%	-123	-284	-95	-113	-64	-66
Sales results	30	50	66.5%	15	15	10	55	26	24
Gains on sale of assets and other results	0	0	--	0	0	0	0	0	0
Profit before tax	-374	-127	66.0%	-110	-264	-90	-99	-60	-67
Income tax	119	37	-68.5%	26	93	13	-46	11	26
Minority interest	0	0	--	0	0	0	0	0	0
Attributable net profit	-256	-90	64.9%	-85	-171	-77	-145	-49	-41
Accumulated ratios									
ROE	--	--		--	--	--	--	--	--
Efficiency	--	--		--	--	--	--	--	--
NPL ratio (%)	27.7%	40.1%		29.1%	27.7%	26.6%	33.5%	44.5%	40.1%
NPL coverage ratio (%)	64.0%	61.9%		62.7%	64.0%	65.3%	83.4%	56.1%	61.9%

Performing loans declined by -68.8% compared to the previous year, and net real estate exposures declined by -67.2%, due to the reclassification of institutional portfolios as non-current assets held for sale.

Intra-group financing amounted to 9,312 million euros, -10.4% less than in the previous year.

(€ million)	Change (%)			Simple evolution					
	1H18	1H19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Total assets	12,850	10,713	-16.6%	15,235	12,850	12,531	11,907	11,868	10,713
Performing gross loans	2,273	708	-68.8%	1,455	2,273	2,147	854	768	708
RE exposure	3,180	1,042	-67.2%	3,437	3,180	3,103	959	1,013	1,042
Subtotal liabilities	11,826	9,839	-16.8%	14,062	11,826	11,515	10,972	10,922	9,839
On-balance sheet customer funds	182	273	49.8%	199	182	66	235	315	273
Intragroup financing	10,390	9,312	-10.4%	11,858	10,390	11,055	10,315	10,406	9,312
Equity	1,024	875	-14.6%	1,173	1,024	1,016	935	945	875
Off-balance sheet customer funds	34	42	21.8%	38	34	35	35	41	42
Other data									
Employees	1,015	205	-79.8%	998	1,015	1,034	1,073	1,045	205

Banking Business United Kingdom

Net profit amounted to 2 million euros as at the end of June 2019, mainly due to the impact of renegotiating the contract with VISA and the sale of gilts in the first quarter of 2019.

Net interest income amounted to 486 million euros, similar to the figures in the previous year. The previous year was impacted by extraordinary commercial actions arising from the IT migration.

Net fees and commissions increased by 61.1% year-on-year, mainly due to the growth of service fees. The previous year was impacted by waiver of overdraft fees following the IT migration.

Other operating income and expenses improved mainly due to the impact in the previous year of fraud losses arising from the IT migration and the positive impact of VISA this year.

Trading results include the sale of gilts.

Administrative expenses and amortisations amounted to -524 million euros, representing a year-on-year decline of -13.4%, as the previous year includes one-off migration costs.

Provisions and impairments amounted to -33 million euros, improving in relation to the previous year due to customer redress provisions in TSB following migration.

(€ million)	1H18	1H19	Change (%)	
			YoY	
Net interest income	487	486	-0.1%	
Net fees and commissions	35	56	61.1%	
Core revenues	522	543	4.0%	
Results from financial transactions and foreign exchange	26	20	-20.7%	
Income from equity method and dividends	0	0	--	
Other operating income/expense	-43	-1	-97.4%	
Gross operating income	504	562	11.4%	
Operating expenses and amortisation	-605	-524	-13.4%	
Pre-provisions income	-101	38	--	
Impairment on loans & advances	-139	-33	-76.1%	
Gains on sale of assets and other results	1	-1	--	
Profit before tax	-239	3	--	
Income tax	42	-1	--	
Minority interest	0	0	--	
Attributable net profit	-197	2	--	
Accumulated ratios				
ROE	--	--		
Efficiency	112.1%	81.4%		
NPL ratio (%)	1.1%	1.3%		
NPL coverage ratio (%)	53.9%	43.8%		

Performing loans amounted to 33,850 million euros, showing a decline of -3.8% year-on-year and -3.4% in the quarter, affected by exchange rate fluctuations. Considering a constant exchange rate, decrease of -2.7% year-on-year and increase of 0.9% in the quarter, due to the growth of core mortgages.

(€ million)	1H18	1H19	Change (%)	
			YoY	
Total assets	47,159	46,648	-1.1%	
Performing gross loans	35,202	33,850	-3.8%	
Subtotal liabilities	45,581	45,143	-1.0%	
On-balance sheet customer funds	33,373	33,241	-0.4%	
Capital markets w/ wholesale funding	1,809	2,415	33.5%	
Equity	1,578	1,505	-4.6%	
Other data				
Employees	8,137	8,160	0.3%	
Branches	551	548	-0.5%	

	1Q18	2Q18	Simple evolution			
			3Q18	4Q18	1Q19	2Q19
	253	233	260	253	244	242
	23	12	25	25	26	30
	276	245	286	278	271	272
	7	19	-5	-3	16	4
	0	0	0	0	0	0
	-3	-40	-8	-9	12	-13
	281	224	272	266	299	263
	-315	-290	-284	-258	-264	-260
	-34	-67	-12	7	36	2
	-23	-116	-23	-68	-21	-12
	0	0	0	0	0	-1
	-57	-183	-35	-60	15	-11
	13	29	13	40	-7	6
	0	0	0	0	0	0
	-44	-153	-23	-20	7	-5
	--	--	--	--	--	--
	105.8%	112.1%	106.4%	101.6%	77.0%	81.4%
	1.1%	1.1%	1.3%	1.3%	1.3%	1.3%
	49.9%	53.9%	55.0%	50.4%	46.8%	43.8%

On-balance sheet customer funds amounted to 33,241 million euros, declining by -0.4% year-on-year. Considering a constant exchange rate, increase of 0.8% year-on-year. In the quarter, increased of 2.1% considering a constant exchange rate, due to current accounts and term deposits.

	1Q18	2Q18	Simple evolution			
			3Q18	4Q18	1Q19	2Q19
	49,332	47,159	46,204	46,182	47,613	46,648
	35,593	35,202	34,499	33,634	35,042	33,850
	47,740	45,581	44,656	44,662	46,072	45,143
	34,996	33,373	33,021	32,484	34,019	33,241
	1,885	1,809	1,753	1,688	2,563	2,415
	1,593	1,578	1,548	1,520	1,541	1,505
	8,335	8,137	8,208	8,353	8,314	8,160
	551	551	550	550	549	548

Other geographies

Net profit as at June 2019 amounted to 46 million euros, representing a 45.4% increase year-on-year.

Net interest income amounted to 154 million euros, increasing by 31.4%, mainly due to the growth of Mexico, foreign branches in EMEA (Paris, London and Casablanca) and Miami.

Net fees and commissions increased by 10.4% year-on-year, mainly due to the improvement in fees in Mexico and in the Paris and London branches.

Gross income amounted to 182 million euros and increased by 17.8%, due to the improvement of the core revenues.

Administrative expenses and amortisations increased by 11.0% year-on-year due to expansion costs in Mexico.

Provisions and impairments declined compared to the previous year due to singles names recorded last year.

(€ million)	Change (%)			Simple evolution					
	1H18	1H19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Net interest income	117	154	31.4%	55	62	66	75	75	79
Net fees and commissions	25	28	10.4%	12	13	11	11	14	14
Core revenues	142	182	27.7%	67	76	77	86	89	93
Results from financial transactions and foreign exchange	6	5	-15.1%	2	4	1	3	2	3
Income from equity method and dividends	1	1	-4.7%	1	0	1	1	0	1
Other operating income/expense	6	-5	--	4	2	3	2	2	-7
Gross operating income	155	182	17.8%	72	82	82	92	93	89
Operating expenses and amortisation	-90	-99	11.0%	-47	-42	-50	-55	-47	-53
Pre-provisions income	65	83	27.0%	25	40	32	36	47	36
Impairment on loans & advances	-28	-23	-18.2%	-16	-12	-5	6	-3	-20
Gains on sale of assets and other results	0	0	--	0	0	0	0	0	0
Profit before tax	37	60	62.0%	10	28	27	43	44	17
Income tax	-4	-12	192.2%	1	-5	-3	-4	-9	-2
Minority interest	2	3	65.9%	0	1	2	1	1	1
Attributable net profit	32	46	45.4%	10	22	22	37	33	13
Accumulated ratios									
ROE	8.7%	8.0%		8.9%	8.7%	7.0%	8.7%	12.0%	8.0%
Efficiency	55.2%	49.0%		63.3%	55.2%	55.8%	56.0%	45.0%	49.0%
NPL ratio (%)	0.6%	0.8%		0.9%	0.6%	0.5%	0.3%	0.4%	0.8%
NPL coverage ratio (%)	241.1%	106.6%		103.7%	241.1%	312.1%	292.9%	199.3%	106.6%

Performing loans amounted to 11,662 million euros, 19.1% higher than in the preceding year, mainly due to the growth of the business in Mexico, foreign branches in EMEA, and Miami.

On-balance sheet customer funds amounted to 7,309 million euros and increased by 31.2% year-on-year, due to the growth in Mexico and Miami. Off-balance sheet funds amounted to 1,072 million euros and increased by 0.5% year-on-year.

(€ million)	Change (%)			Simple evolution					
	1H18	1H19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Total assets	15,356	19,097	24.4%	15,096	15,356	16,412	17,822	18,570	19,097
Performing gross loans	9,796	11,662	19.1%	9,011	9,796	10,257	11,126	11,314	11,662
RE exposure	0	0	--	0	0	0	0	0	0
Subtotal liabilities	14,281	17,875	25.2%	14,136	14,281	15,296	16,705	17,434	17,875
On-balance sheet customer funds	5,572	7,309	31.2%	4,991	5,572	5,545	6,328	6,682	7,309
Equity	1,076	1,222	13.6%	960	1,076	1,116	1,117	1,136	1,222
Off-balance sheet customer funds	1,067	1,072	0.5%	1,024	1,067	1,103	1,023	1,071	1,072
Other data									
Employees	845	980	16.0%	785	845	898	908	913	980
Branches	43	42	-2.3%	42	43	43	42	42	42

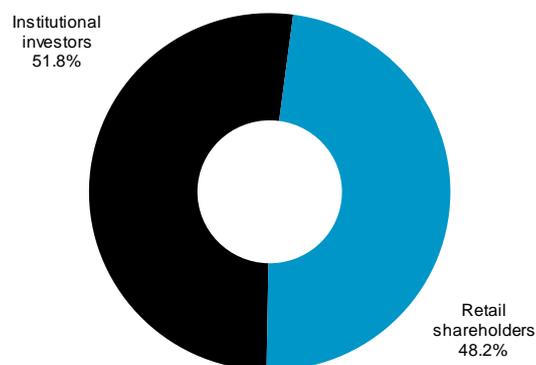
4. Share price performance

	30.06.18	31.03.19	30.06.19
Shareholders and trading			
Number of shareholders	234,009	240,887	237,675
Average number of shares (million)	5,574	5,537	5,537
Average daily trading volume (millions shares)	30	33	31
Share price (€) (1)			
Opening session (of the year)	1.656	1.001	1.001
High (of the year)	1.945	1.083	1.083
Low (of the year)	1.366	0.832	0.832
Closing session (end of quarter)	1.436	0.888	0.911
Market capitalisation (€ million)	8,002	4,915	5,044
Stock market multiples			
Earnings per share (EPS) (€)	(2) 0.02	0.15	0.15
Book value (€ million)	12,448	12,715	12,989
Book value per share (€)	2.23	2.30	2.35
Tangible book value (€ million)	10,128	10,240	10,517
TBV per share (€)	1.82	1.85	1.90
Price / Book value (times)	0.64	0.39	0.39
Price / Earnings ratio (P/E) (times)	59.96	5.74	6.13

(1) Without adjusting historical values.

(2) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity.

Shareholders' structure (%)



Source: GEM, data as at 30 June 2019.

Comparative evolution of SAB share

Period from 30.06.2018 to 30.06.2019



5. Key developments in the quarter

Banco Sabadell closes sale of 80% of Solvia Servicios Inmobiliarios, S.L.

Further to the Relevant Fact dated 14 December 2018 (number 272,532), on 23 April 2019, Banco Sabadell, obtained the relevant authorisations, closed the sale of 80% of the share capital of Solvia Servicios Inmobiliarios, S.L. (Solvia) to Intrum Holding Spain, S.A.U. (formerly, Lindorff Holding Spain, S.A.U.), a company that forms part of Intrum AB Group. The transaction price amounted to 241 million euros, corresponding to an equity value of 300 million euros for the entire share capital of Solvia. This price may increase by a maximum of 40 million euros, provided that the conditions relating to the evolution of some of Solvia's business lines are met.

The transaction generated a capital gain of 135 million euros and a positive impact of 15 basis points on the Common Equity Tier 1 (fully-loaded) capital ratio.

DBRS Ratings GmbH announces Banco Sabadell long-term rating upgrade

On 4 June 2019, DBRS Ratings GmbH announced its upgrade of Banco Sabadell's long-term rating to A (Low) with a stable outlook from BBB (High), in order to reflect the significant reduction in non-performing assets (NPAs) following the institutional sales of NPAs, the progress made in resolving the incidents related to TSB's IT migration and the continuous improvement in core revenues. The short-term rating remains at R-1 (Low).

Banco Sabadell has completed the transfer of a portfolio of loans and real estate assets to Deutsche Bank and Carval Investors

On 24 July 2019, following our Relevant Fact dated 24 July 2018 with register number 268261, once the relevant authorizations have been obtained, Banco Sabadell has completed the transfer of a portfolio of loans, mostly secured, with an approximate gross book value of EUR 1,834 million and an approximate net book value of EUR 268 million and foreclosed assets with an approximate gross book value of EUR 290 million and an approximate net book value of EUR 106 million, to Deutsche Bank and to Carval Investors (the Transaction). The Transaction does not entail additional provisions and has a neutral impact on the capital ratio.

6. Glossary of terms on performance measures

In the presentation of its results to the market, and for the purpose of monitoring the business and decision-making processes, the Group uses performance indicators pursuant to the generally accepted accounting regulations (EU-IFRS), and also uses other non-audited measures commonly used in the banking sector (Alternative Performance Measures, or “APMs”) as monitoring indicators for the management of assets and liabilities, and the financial and economic situation of the Group, which facilitates its comparison with other entities.

Following the ESMA guidelines on APMs (ESMA/2015/1415es of October 2015), the purpose of which is to promote the use and transparency of information for the protection of investors in the European Union, the Group presents below, for each APM, the reconciliation with items shown in the financial statements (in each section of the report) and its definition and calculation:

	Definition and calculation	Page
ROA	(*) (**) Consolidated income during the year / ATA. Considering linear annualisation of profit obtained to date excluding Solvia capital gain and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
ROE	(*) (***) Profit attributed to the Group / average equity. The numerator considers the linear annualisation of profit obtained to date excluding Solvia capital gain and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
RORWA	(*) Profit attributed to the Group / risk-weighted assets (RWA). The numerator considers linear annualisation of profit obtained to date excluding Solvia capital gain and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
ROTE	(*) (***) Profit attributed to the Group / average equity. The numerator considers the linear annualisation of profit obtained to date excluding Solvia capital gain and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end. The denominator excludes intangible assets.	3
Efficiency ratio	(*) Administrative expenses divided by adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except year end.	3
Other operating income/expense	Includes the following accounting items: other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts.	8
Total provisions & impairments	Includes the following accounting items: (i) impairment or reversal of impairment of investments in joint ventures and associates, (ii) impairment or reversal of impairment on non-financial assets, (iii) investment properties in the net gains or losses on derecognition of non-financial assets, (iv) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding the equity interests), (v) provisions or reversal of provisions and (vi) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains.	8
Gains on sale of assets and other results	Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding investment properties and associates included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.	8
Pre-provisions income	Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	8
Customer spread	(**) Difference between return and cost of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customers loans and the average rate paid by the bank for the customers deposits. The average customers loans rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average rate of customers funds is the annualised ratio between the financial expenses on customers funds and the average daily balance of customers funds.	10
Other assets	Includes the following accounting items: derivatives - hedge accounting, fair value changes of the hedged items in portfolio hedge of interest rate risk, tax assets, other assets, assets under insurance or reinsurance contracts and non-current assets and disposal groups classified as held for sale.	16
Other liabilities	Includes the following accounting items: derivatives - hedge accounting, tax liabilities, fair value changes of the hedged items in portfolio hedge of interest rate risk, other liabilities and liabilities included in disposal groups classified as held for sale.	16
Gross loans to customers	Includes loans and advances to customers excluding impairment allowances.	17
Performing gross loans	Includes gross loans to customers excluding repos, NPL (stage 3) and accrual adjustments.	17
On-balance sheet customer funds	Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, commercial paper and others).	19
Off-balance sheet customer funds	Includes mutual funds, asset management, pension funds and third-party insurance products.	19
On-balance sheet funds	Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	19
Funds under management	Sum of on-balance sheet and off-balance sheet customer funds.	19
NPL coverage ratio (%)	Shows the % of NPLs (stage 3), covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total non-performing exposures (stage 3) (including stage 3 guarantees granted, (NPL)).	21
NPL ratio	Shows the % of stage 3 exposures (non-performing) over total risk assumed by customers. Calculated using the ratio between stage 3 exposures (non-performing), including guarantees granted / loans to customer and guarantees granted. See table for the definition of stage 3 exposures (non-performing).	21
Cost of risk (bps)	Ratio between provisions for NPLs and other impairments / gross loans to customers excluding repos plus RE Assets. The numerator considers the linear annualization of the provisions for NPLs and other impairments obtained to date and adjusted by the impairment or reversal of impairment of investments in joint ventures or associates. In addition, in 2018 provisions for institutional NPA sales are adjusted.	21
Problematic assets	Sum of non-performing exposures, classified as stage 3, and foreclosed real estate assets. Also referred to as non-performing assets (NPAs).	23
Real estate coverage ratio	Ratio between allowances for impairment of foreclosed RE assets / total foreclosed RE assets. Amount of foreclosed RE assets includes property classified in the portfolio of non-current asset and disposable groups classified as held for sale.	23
Stage 3 exposures (non-performing)	Sum of accounting items: stage 3 (NPLs) loans and advances to customers and stage 3 guarantees granted (non-performing).	24
Loan-to-deposits ratio	Net loans and receivables divided by retail funding. The numerator excludes mediation loans. The denominator considers real estate funding and customer funds.	25
Total capital ratio (%)	Ratio between total capital and the risk weighted assets. Total capital includes the accounting profit assuming a pay-out of 50%, that is different from the regulatory criteria which decreases that amount based on the obligations to fulfil for the rest of the year. The denominator has been calculated based on the Group's best estimate.	26
Market capitalisation	Value obtained by multiplying the share price by the average number of outstanding shares at the end of the period.	34
Earnings per share	Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. The numerator considers the linear annualisation of profit obtained to date excluding Solvia capital gain and adjusted by the Additional Tier I coupon payment (after tax) registered in equity as well as by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end.	34
Book value per share	Ratio between book value / average number of shares at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end.	34
TBV per share (€)	Ratio between tangible book value and the average number of shares at the end of the period. The tangible book value is calculated as the sum of equity adjusted by intangible assets and by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	34
Price / Book value (times)	Ratio between share price / book value.	34
Price / Earnings ratio (P/E) (times)	(*) Ratio between share price / earnings per share.	34

(*) The linear accrual of contributions to deposit guarantee funds and resolution funds has been made based on the Group's best estimates.

(**) Average calculated using average daily balances.

(***) Average calculated using the last positions at the end of the month since the previous December.

Alternative Performance measures	Conciliation (€millions)	1H 18	20 18	1H 19
ROA	Average total assets	216,960	217,168	223,909
	Consolidated net profit	124	335	538
	DGF - SRF - IDEC adjustment net of tax	-29	0	-32
	ROA (%)	0.09	0.15	0.40
ROE	Average equity	12,762	12,643	12,756
	Attributable net profit	121	328	532
	DGF - SRF - IDEC adjustment net of tax	-29	0	-32
	ROE (%)	1.45	2.60	6.85
RORWA	Risk weighted assets (RWA)	80,455	80,279	83,124
	Attributable net profit	121	328	532
	DGF - SRF - IDEC adjustment net of tax	-29	0	-32
	RORWA (%)	0.23	0.41	1.05
ROTE	Average equity (excluding intangible assets)	10,484	10,309	10,292
	Attributable net profit	121	328	532
	DGF - SRF - IDEC adjustment net of tax	-29	0	-32
	ROTE (%)	1.77	3.18	8.49
Efficiency ratio	Gross operating income	2,631	5,010	2,494
	DGF - SRF - IDEC adjustment	-41	0	-45
	Adjusted gross operating income	2,590	5,010	2,449
	Operating expenses	-1,479	-2,920	-1,340
	Efficiency ratio (%)	57.11	58.29	54.72
Other operating income/expense	Other operating income	148	257	124
	Other operating expenses	-247	-547	-223
	Income from assets under insurance or reinsurance contracts	0	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0	0
	Other operating income/expense	-98	-290	-99
Total provisions & impairments	Impairment or reversal of impairment of investments in joint ventures and associates	0	0	0
	Impairment or reversal of impairment on non-financial assets	-36	-401	-20
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-262	-35	91
	Gains from sales of associates	0	0	-135
	Gains from sales of investment properties and associates	3	32	7
	Other impairments	-295	-404	-58
	Provisions or reversal of provisions	-84	-161	-16
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-427	-756	-300
	Provisions for NPLs and other financial assets	-511	-917	-316
	Total provisions & impairments	-806	-1,320	-374
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	7	35	11
	Gains from sales of associates	0	0	135
	Gains from sales of investment properties and associates	-3	-32	-7
	Gains on sale of assets and other results	4	2	139
Pre-provisions income	Gross operating income	2,631	5,010	2,494
	Operating expenses	-1,479	-2,920	-1,340
	Personnel expenses	-799	-1,591	-810
	Other general expenses	-681	-1,330	-530
	Amortisation & depreciation	-177	-353	-227
	Pre-provisions income	975	1,737	927
Customer spread	Loans to customers (net)			
	Avge.balance	134,964	135,903	138,725
	Results	1,975	4,017	2,033
	Rate %	2.95	2.96	2.96
	Customer deposits			
	Avge.balance	139,542	141,060	146,286
	Results	-145	-309	-204
	Rate %	-0.21	-0.22	-0.28
	Customer spread	2.74	2.74	2.68
Other assets	Derivatives - Hedge accounting	259	302	669
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	63	57	241
	Tax assets	7,112	6,859	6,843
	Other assets	2,675	1,640	1,584
	Non-current assets and disposal groups classified as held for sale	2,455	4,587	4,465
	Other assets	12,565	13,445	13,801
Other liabilities	Derivatives - Hedge accounting	703	634	733
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-4	37	226
	Tax liabilities	339	176	233
	Other liabilities	909	995	758
	Liabilities included in disposal groups classified as held for sale	18	83	22
	Other liabilities	1,964	1,924	1,973

Customer spread is calculated using accumulated data.

Alternative Performance measures	Conciliation (€millions)	1H 18	2018	1H 19
Performing gross loans	Mortgage loans & credits	83,977	80,872	81,293
	Other secured loans & credits	2,494	2,767	3,240
	Working capital	6,148	6,186	5,945
	Leasing	2,505	2,565	2,707
	Unsecured lending and others	45,543	46,976	48,517
	Performing gross loans	140,667	139,366	141,703
	Non-performing loans (customer) - stage 3	7,290	6,472	6,274
Gross loans to customers	Accruals	-23	-13	17
	Gross loans to customers excluding repos	147,934	145,824	147,993
	Reverse repos	448	596	94
	Gross loans to customers	148,382	146,420	148,087
	NPL and country-risk provisions	-415	-3,433	-3,192
	Loans and advances to customers	144,266	142,987	144,895
On-balance sheet customer funds	Financial liabilities at amortised cost	99,596	206,077	207,301
	Non-retail financial liabilities	63,901	68,734	65,440
	Central banks	27,814	28,799	22,910
	Credit institutions	10,612	12,000	13,284
	Institutional issues	22,466	24,334	23,005
	Other financial liabilities	3,009	3,601	6,241
	On-balance sheet customer funds	135,695	137,343	141,862
	Customer deposits	136,994	139,079	143,231
	Sight accounts	105,400	107,665	113,607
	Fixed-term deposits including available and hybrid financial liabilities	29,265	28,709	28,303
On-balance sheet funds	Repos	2,188	2,533	115
	Accruals and derivative hedging adjustments	141	172	205
	Debt and other tradable securities	18,661	19,568	18,617
	Subordinated liabilities (*)	2,507	3,031	3,019
	On-balance sheet funds	158,162	161,678	164,867
	Mutual funds	28,624	26,379	26,127
	Managed accounts	4,007	3,595	3,371
	Pension funds	3,869	3,594	3,708
	Third-party insurance products	10,401	10,465	10,514
	Off-balance sheet customer funds	46,901	44,034	43,720
Funds under management	Funds under management	205,063	205,711	208,587
Stage 3 exposures (non-performing)	Customer, central banks and financial institutions loans and advances	7,290	6,472	6,290
	Guarantees granted in stage 3	95	81	90
	Stage 3 exposures (non-performing) - (€million)	7,386	6,554	6,380
NPL coverage ratio (%)	Stage 3 exposures (non-performing)	7,386	6,554	6,380
	Provisions	4,209	3,544	3,301
	NPL coverage ratio (%)	57.0%	54.1%	51.7%
Real Estate coverage ratio (%)	RE Assets	7,171	1,726	1,873
	Provisions	3,991	767	831
	Real Estate coverage ratio (%)	55.7%	44.5%	44.4%
Problematic assets	Stage 3 exposures (non-performing)	7,386	6,554	6,380
	RE Assets	7,171	1,726	1,873
	Problematic assets	14,557	8,279	8,253
	Provisions of problematic assets	8,200	4,311	4,132
	Problematic assets coverage (%)	56.3%	52.1%	50.1%
NPL ratio (%)	Stage 3 exposures (non-performing)	7,386	6,554	6,380
	Loans to customers and guarantees granted	156,891	155,206	157,586
	NPL ratio (%)	4.7%	4.2%	4.0%
Cost of risk (bps)	Gross loans to customers excluding repos	147,934	145,824	147,993
	RE Assets	7,171	1,726	1,873
	Dotaciones a insolvencias e inmuebles ajustado	-538	-977	-360
	Provisions for NPLs	-420	-751	-302
	Other impairments	-295	-404	-58
	Provisions for institutional NPA sales	177	177	0
	Cost of risk (bps)	70	66	48
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	140,700	139,583	142,590
	On-balance sheet customer funds	135,695	137,343	141,862
	Loan-to-deposits ratio (%)	103.7%	101.6%	100.5%
Market capitalisation (€000)	Average number of shares (million)	5,574	5,565	5,537
	Share price (€)	1,436	1,001	0,911
	Market capitalisation (€'000)	8,002	5,568	5,044
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	66	277	474
	Attributable net profit	121	328	532
	DGF - SRF - IDEC adjustment net of tax	-29	0	-32
	Accrued AT1	-26	-51	-26
	Average number of shares (million)	5,574	5,565	5,537
	Earnings per share (EPS) (€)	0.02	0.05	0.15
Book value per share (€)	Share price (€)	1,436	1,001	0,911
	Adjusted equity	12,448	12,545	12,989
	Shareholders' equity	12,476	12,545	13,021
	DGF - SRF - IDEC adjustment net of tax	-29	0	-32
	Average number of shares (million)	5,574	5,565	5,537
	Book value per share (€)	2.23	2.25	2.35
TBV per share (€)	Intangible assets	2,320	2,461	2,472
	Tangible book value (€million)	10,128	10,084	10,517
	TBV per share (€)	1.82	1.81	1.90
Price / Book value (times)	Price / Book value (times)	0.64	0.44	0.39
Price / Earnings ratio (P/E) (times)	Price / Earnings ratio (P/E) (times)	59.96	20.11	6.13

See list, definition and purpose of the APMs used by Banco Sabadell Group here:

www.grupbancsabadell.com/INFORMACION_ACCIONISTAS_E_INVERSORES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO

Investor relations

For further information, contact:



Investor Relations

investorrelations@bancsabadell.com

+44 2071 553 888

